



## Autonomy in DSO versus IDSO partnerships

**AS THOUSANDS OF DOCTORS CONSIDER PARTNERING** with an invisible dental support organization (IDSO) or selling to a DSO in 2023, their number one concern is the potential loss of autonomy. The definition of autonomy is interesting: “freedom from external control or influence; independence.” Every IDSO is different, but the essence of any IDSO is that owner doctors operate better practices than employee doctor-operated practices. To attract and retain owner doctors in IDSO partnerships, the maintenance of doctors’ autonomy is critical—not only to the doctor but also to the IDSO.

IDSOs typically purchase 51%–90% of a practice for cash up front. The doctors commit to continue to lead and operate their practices for years, or even decades. The IDSOs are investing in doctors who have been successful with their valuable local brand and unique strategies for patient care. They have no desire to homogenize their partner practices to meet some corporate standard. All partner practices are unique. IDSOs want to grow their partner practices with owner doctors, which, by definition, means that the doctors remain autonomous and continue to operate their successful practices as they have in the past.

### WHAT CAN AN IDSO DO FOR YOU?

IDSOs will provide a variety of support services, but they don’t dictate how the owner doctors operate their already successful practices. Each doctor’s successful recipe is what the IDSO is buying. Their support services include banking, accounting, payroll, tax, benefits, and benefits administration, as well as compliance, credentialing, and vendor and payer negotiations. IDSOs don’t dictate hiring, firing, procedures performed, payers accepted, work hours, vacations, what brand of supplies to purchase,

or which lab to use. And unless you have antiquated software, the IDSO will not replace it. You may or may not find that same level of freedom in a 100% sale to a branded DSO.

The IDSO’s mission is to help doctors reduce administrative burdens so they can focus on patient care. Owner doctor partners share the same financial goals as the IDSO via common ownership. But owner doctors don’t have to be micromanaged as you might find in typical DSOs, which own 100% of a practice with employee doctors.

As advisors to dentists in IDSO transactions, we ensure that once a client doctor has met with six or more qualified bidders, the doctor will have direct conversations with multiple doctors who have partnered with the finalist IDSO bidders they are considering. Our goal is for our clients to fully understand what the future may look like with the IDSO partner long before they commit to partnership. These conversations confirm for the doctor that the IDSO promising autonomy delivers it.

Helping doctors understand that they don’t lose their autonomy is in part why Large Practice Sales completed more than \$100 million of IDSO partnerships in 2022 for doctors in their 30s. Young doctors

are now realizing that they can continue practicing as they are today, but with the support of an IDSO silent partner that helps their retained partial ownership become far more valuable over time than they could achieve as an independent practice. An IDSO partnership is not a short-term transition strategy; it’s a long-term wealth-building partnership with a silent partner that has very deep pockets.

### FALLACY ALERT

While private equity groups are the well-known financial sponsors of many IDSOs, they are not the only capital sources. In fact, many IDSOs are backed by family offices, sovereign wealth funds, SBICs (small business investment companies), and other types of investors. Currently, values for growing practices are increasing despite Wall Street turmoil, higher interest rates, and stubborn inflation. The number of bidders for our clients is actually increasing. Last month, one client had 18 qualified IDSO bidders from which to select a new partner. Consolidation is accelerating. You will join an IDSO or compete with many in the coming quarters and years. **DE**



**CHIP FICHTNER** is the founder of Large Practice Sales, which specializes in Invisible DSO (IDSO) transactions for large practices of all specialties. LPS completed over \$600 million in IDSO partnerships in 2022. Learn more at [largepracticesales.com](http://largepracticesales.com).

## Large Practice Sales Brings Multiple Bidders For The Highest Value in an IDSO Partnership



Our clients are happy to talk to you about their LPS experience.



*I was about to sign an offer I had in hand for \$8 million from an IDSO I really liked. Chip convinced me to go through the LPS process to see my other options. LPS delivered nine bidders and the \$8 million became \$11 million from the same group!*

-Dr. T.S., Tennessee

*I never could have achieved this value or completed this deal without you. Thank you for everything. -Dr. J.N., Maryland Achieved 12.2x EBITDA in 2023*

*So glad I met you guys. You changed my life. My partner is great and I am still amazed how you achieved 3.9x collections for my practice. -Dr. S.L, Indiana*



# Why You Need LPS As Your Advisor

## Large Practice Sales is The Largest IDSO Advisor in The U.S.

LPS advised doctors of all specialties and GP in \$612 million of IDSO partnerships in 2022, most at record values. We helped doctors join 31 IDSOs in 29 states.

More than 100 of our clients enjoyed the very profitable recapitalization of their IDSO/practice in 2022.

Many doctors are contacted regularly by IDSOs eager to become their partner. They prey on unsuspecting doctors, singing songs of multi-million dollar gains on the ownership you retain. They promise huge initial values and great support. Some will deliver exactly that, and some will fail! Do you know the difference?

If you do not have six to ten qualified IDSO bidders, you are missing many options and leaving money on the table. Guaranteed.

## Do-it-Yourself IDSO Partnership is Like Doing Your Own Root Canal

A partnership with an IDSO is probably the biggest financial decision of your career. It is a job for a specialist, not an amateur.

You are a specialist in beautiful smiles. LPS is the leading and largest specialist in high-value, tax-efficient structures with the right IDSO for your goals.

We deliver doctor smiles at closing.

## Not All Practices Will Qualify

Large Practice Sales only accepts clients for whom we can deliver a minimum of six, and in many cases ten+, qualified IDSO bidders. We are selective in accepting clients because we are paid nothing unless a transaction is completed.

## The Values We Achieve Far Exceed Our Fee, Every Time

Unlike the little advisors, Large Practice Sales is not paid by the buyers. The little guys are paid by both the doctor and the IDSO, but many of them fail to mention it. LPS is only paid by our client doctors. Net, the LPS fees are the lowest in the industry. Our only goal is to achieve the highest value, and the right partner, for our clients. We have no conflicts like the little guys.

## Call Chip Fichtner, Principal

Schedule a 20-minute discovery call with Chip Fichtner to find out if your practice can achieve a record value in an IDSO partnership.

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# DSO vs. IDSO

## Dental Support Organizations (DSOs)

DSOs have been around for decades and some have been exceptionally successful. Many doctors have happily sold 100% of their practices in their twilight years to one of the hundreds of DSOs. They continue to work for a couple of years and then head off for a well-earned retirement. Doctors who sell to DSOs are relieved of the day-to-day burdens of practice ownership, and can focus solely on great dentistry, but they are no longer running their practice.

## Invisible Dental Support Organizations (IDSOs) Are Different

Hundreds of IDSOs have prospered for 30+ years. Some of their doctors have made millions or tens of millions as partners of **IDSOs**, just like the investors in the **IDSOs have**. IDSOs are now by far the fastest growing segment of dental practice consolidation in the U.S. because they achieve high returns for their investors and doctor partners. Over \$5 billion was invested in just a few IDSOs in the last quarter of 2022. Big, smart investors are accelerating dental consolidation.

IDSOs do not buy 100% of practices. They partner with doctors who have at least five years remaining in their practicing horizon, by buying 51% to 90% of a practice for cash up front. The doctor remains as an owner, and continues to lead their practice with their brand, team and strategy for years or decades. Doctors retain full autonomy, freedom and decision power.

IDSOs come in all shapes and sizes. Some IDSOs have 500+ practices, with decades of very happy owner doctors, and some IDSOs are brand new. Some are GP only, some are multi-specialty, and now dozens of IDSOs only partner with a single specialty; orthodontic, pedodontic, periodontic, endodontic, OMS, or implant specialty.

**Dental Trifecta®** IDSOs partner only with pedodontic, orthodontics and OMS in the same communities to cement referral networks.

## Young Doctors, Not Old

IDSOs are not interested in retiring doctors; the younger the doctor the better! They are seeking long-term partnerships with doctors who want to grow bigger, better and faster, not retire. Out of LPS' \$612 million in IDSO partnerships in 2022, over \$100 million were with doctors in their 30s.

## 100% Collaborative Partnerships

IDSOs help their partner practices grow and prosper with fewer administration burdens for the doctor, and with resources and support not available to independent dentists. The IDSOs handle the minutiae of banking, accounting, payroll, benefits, compliance, credentialing, taxes, legal, vendor and payor negotiations. Doctors realize lower costs in supplies, team benefits and technology, and many achieve higher reimbursement rates from payors.

IDSOs do not homogenize or micromanage. Partner practices are run by owner doctor partners who have the same goals as the IDSO partner. They both want to provide the best care for patients, achieve growth and honest profits.

IDSOs do not tell partner doctors how to practice, who to hire and fire, what payors to take or not take, how to market or when they can vacation. There are no quotas or commands.

Doctors can only become an IDSO partner if they have built successful practices using their own unique strategies. The IDSO pays millions of dollars for their interest in your unique practice because it has been successful. They have no desire to change or "fix" what is not broken! They are truly silent, supportive partners, not corporate overseers. We prove this to you in the LPS bidding process.