Achieving the highest practice values short and long term

The custom structures of IDSO partnerships to achieve your goals

Chip Fichtner, Founder and Principal of Large Practice Sales

Growing practices can still achieve record values in Invisible Dental Support Organization (IDSO) partnerships today. Doctors sell 51% to 80% of the value of their practice for cash up front at today's low tax rates creating valuable diversification and liquidity. They continue to lead their practice as owners for years or decades with their brand, team and strategy. And if doctors choose their IDSO partner wisely, they will have full, not just clinical autonomy and benefit from their larger silent partner's resources.

IDSOs' size provide partner practices with lower costs and higher reimbursements, which immediately impact profitability. They also reduce the admin headaches of banking, accounting, payroll, benefits, compliance, credentialling, and vendor and payer negotiations. But in the looming economic challenges, an IDSO's recruiting teams, marketing resources, and capital can empower their practices to grow faster and more profitably. Now more than ever, doctors should understand the details of IDSO partnership.

The key is choosing a partner which has the resources and capital structures which are most beneficial for the doctor's personal goals. Every one of the 1,000-plus IDSOs are different. Some have dozens of partner practices regionally and others with over 800 nationally. In a professionally advised process, LPS clients will typically choose the best partner for their goals.

The three basic IDSO partnership structures

Understanding partnership structures, initial values, and long-term upside potential for retained ownership are critical for overall success. Each structure has unique risks and rewards. Some offer ongoing cash flow distributions in addition to doctor compensation and in others the future value of the equity can increase dramatically.

Joint venture, direct practice ownership: In a joint venture structure, doctors retain from 20% to 49% ownership directly. They typically receive monthly or quarterly profit distributions based on the practice's success. Doctors are betting on their own performance, not necessarily the performance of the overall IDSO.

IDSO parent ownership: In lieu of direct ownership in their practice, doctors may choose to take equity in their parent IDSO. In this structure the doctor forgoes practice profit distributions and is then reliant upon the overall success of the group. Historically, thousands of IDSO doctor partners have seen the value of their parent company ownership increase by two to ten-plus over time.

Combination of practice ownership and parent ownership: A structure growing in popularity entails a doctor retaining direct practice level ownership and some parent company ownership. In this structure doctors continue to receive profit distributions based upon the success of their practice but also participate in the long-term equity value increase of their parent IDSO.

Options for ultimately exiting ownership

All three IDSO partnership structure options will include a negotiated mechanism for the doctor to ultimately monetize the ownership they retained in the initial partnership. For some doctors this may be decades in the future and for others it could be within a few years. Every IDSO partnership can be customized for the doctor's personal and financial goals.

Today, younger doctors with

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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. His tolerant wife of 34 years allows him to live on airplanes visiting clients every week. Learn more at largepracticesales.com.*

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rapidly growing practices will have the best options for high initial values and lucrative partnership structures. IDSO partnership is not a short-term retirement plan, but rather a long-term wealth building opportunity. IDSO partnership is not for every doctor, but over the last 35 years, tens of thousands of doctors have enjoyed the liquidity, support and the reduced financial risks of IDSO partnership.

To discover if your practice will qualify for a high value IDSO partnership, contact us... the key is *discover if you qualify*. DE

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Monetizing Larger Dental Practices

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