

Preparing for Maximum Practice Value, Not Retirement

Chip Fichtner

Ultimately, every practice owner will seek to monetize their life's work. A sale of all or part of one's practice is one of the most important events of a doctor's career. There are multiple options from which a doctor may choose to convert their years of practice-building efforts into cash. Monetization can include partnership with another doctor, an outright sale, or a partnership with a group. Also, it does not necessarily have to coincide with the end of a successful career, but can occur in the midst of a career.

While attractive to doctors of all ages, many doctors in their 30s and 40s especially have discovered that they can partially monetize what they have built to date. They can do so while remaining an owner and gain a resourceful silent partner to accelerate their practice growth and profitability and increase practice value for future years or decades.

Securing Financial Future While Continuing to Lead

In an invisible dental support organization (IDSO) partnership, doctors sell between 51% and 80% of their practice for cash up front at low tax rates. This helps secure their financial future and enables them to continue to lead their practice as owners with their brand, team, and full—not just clinical—autonomy.

Tens of thousands of dentists have partnered with the more than 1,000 invisible DSOs in the United States, which are eager to partner with larger, growing practices (per DSO DataCONNECT). Some IDSOs have been operating for more than 35 years, and several have 500 or more partner practices nationally. Their size gives them leverage with vendors and payers, while their internal support teams and systems can help improve and grow most practices, including general practitioners and all specialties.

With a resourceful IDSO as a silent partner, doctors can access lower costs on supplies and equipment, higher reimbursement rates, recruiting teams, marketing experts, and professional management consulting. Doctors are empowered to focus on patient care and practice growth rather than administrative minutiae.

The invisible DSO becomes responsible for banking, accounting, tax, payroll, benefits, compliance, credentialing, IT support, and vendor and payer negotiations. Doctors do not lose control; rather, they gain support.

Doctors choosing an IDSO partner should do so carefully to ensure that they can continue to make both the clinical and practice operational decisions. In such a partnership, doctors continue to decide who to hire or fire, what to pay their team members, and which products and labs to use. They also set their own schedules and have complete control over what care to provide, procedures to perform, and payers to accept or not accept. Doctors are owners, not employees, and continue to make owner decisions.

Choosing the Right Partner

The key to IDSO partnership success is for the doctor to choose the partner that has the resources and culture most beneficial to that doctor's unique practice. IDSOs all vary. Some will succeed spectacularly, while others will not.

Fortunately, in 2026, practice values continue to set new records for growing practices in desirable geographies with younger doctors. Unlike a traditional sale to another doctor or associate, values in an IDSO partnership are based on practice profitability, not collections, although today, values in a process advised by the author's firm regularly exceed 200% of collections and more.

Unfortunately, only larger, growing practices will qualify for IDSO partnership. Qualifying practices are not required to have multiple doctors or multiple offices, but they must have at least \$1.5 million in collections and growth in 2026 versus 2025.

IDSO partnerships are not a short-term exit strategy, but rather a long-term wealth-building partnership. Qualifying practices require doctors eager to continue leading their practice for at least 3 and preferably 5 or more years. Younger doctors are most valuable to IDSOs because of the potential for successful partnerships that could last for decades. Doctors approaching 60 should move quickly.

Growth Rate: The Key Risk to Partnership Timing

Preparing a practice for IDSO partnership is a process, not a one-time event. Timing of a partnership is critical. Practices that are currently growing typically receive multiple bids from qualified invisible DSOs, driving up values and options for the doctor. A practice with declining collections will be ineligible for IDSO partnership until it returns to growth for multiple quarters.

Doctors seeking to monetize all or part of their practice value in a declining collections environment will be forced to choose a traditional doctor-to-doctor transition, usually at a fraction of

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collections, or a distress sale of 100% of their practice to a traditional DSO. A doctor could potentially leave millions of dollars on the table versus entering into a high-value partnership with an IDSO while the practice is presently growing. Many doctors may remember the recession years circa 2000, 2008, and, of course, 2020—times of significant production decline.

Focusing on Profitability

Doctors planning for an invisible DSO partnership, whether short- or long-term, should not only focus on their growth rate but also on the profitability of their practice. Practices in an IDSO partnership are valued based on their operating income—earnings before interest, taxes, depreciation, and amortization, or EBITDA—not their collections.

EBITDA, calculated after market rate compensation to the owner-doctor, is what ultimately dictates initial value and partnership options. EBITDA is measured for the trailing 12 months prior to the commencement of the partnership. In today's environment, partnerships can be structured for the doctor to receive additional purchase consideration based on the growth of the practice EBITDA in the first year and again in the second year of the partnership.

As an example of potential EBITDA improvement strategies, new clients of the author's transaction advisory firm immediately become clients of the nation's largest insurance fee negotiation

organization at no cost to the practice. Not all practices will benefit from this service paid for by the advisory firm, but many see an almost immediate increase in reimbursement rates of up to 20%. Any reimbursement rate increases directly add to EBITDA, dollar for dollar.

For example, a practice with \$2 million in collections, of which 80% is insurance based, could see an annual \$80,000 EBITDA increase if reimbursement rates increased by only 10% thanks to the leverage of the fee negotiation organization. An \$80,000 increase in EBITDA could increase the practice value in an IDSO partnership by \$550,000 or more.

Clients of the author's advisory firm are also coached on EBITDA improvement opportunities in other areas of the practice. Many practices can reduce supply and lab costs, rationalize staffing levels, adjust fee schedules, and examine marketing expenditures. While some practices cannot increase their EBITDA, most larger practices have multiple avenues for higher short- and long-term profitability.

Understanding the Options

While IDSO partnership is not appropriate for every practice, every doctor with a larger practice should at least understand the option of such a collaboration for either the present or future. For these doctors, it may well be prudent to discover the potential value of their practice in an IDSO partnership.

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