



Who Will Buy My Dental Practice?...

By: Kevin Cumbus, President of TUSK Partners

Dad's Story...

Around 2008, my father, Dr. Ben Cumbus, a pediatric dentist from Montgomery, AL, was looking to sell a portion of his practice to an associate. Leading up to that decision to sell, my father worked diligently as a solo doctor each week for over 30 years to serve our city's children to meet their oral healthcare needs. Over the years, his team and business grew, and the practice (and the caboose) became a bit of an icon in the city.



But when it came time to sell the business, it was a challenge. Pediatric dentists were hard to come by. Although my father ultimately found a fantastic partner who eventually purchased the practice from him, it took years to complete the transaction. All is well that ends well.

That was 2008.

What about Today?

If my father was looking to sell that same business today, the process would be a bit different. In 2008, the buyer pool was rather limited: pediatric dentists, with a license to practice in the state of Alabama, who wanted to live and work in Montgomery and would qualify for a loan to buy the practice. Over any given year, there may be 1-2 buyer candidates.

Today, the buyer pool looks a bit different. I could connect him with a whole host of buyers, including:

- Private Equity backed DSOs
- Dentist-founded and debt funded groups either pediatric or multispecialty focused
- Orthodontic practices looking to capture the referrals and build vertical integration in their business
- Private equity and family funds looking for that one practice to acquire, learn from and grow into a leading pediatric group in the region

He would be faced with more buyers offering higher prices than ever before (Remember Econ 101? Increase demand, hold supply constant and prices go up!). Likely, there would be a bidding war for his practice due to its history of success, size, and scale.

I'm not saying that my father would have sold his business to anyone other than another pediatric dentist, but he would have had options.

Valuations and Timing

In 2008, dentists did not have a lot of options when it came time to sell their practice. DSOs were just beginning to gain traction and close to 99% of all practice transitions at the time involved one doctor selling to another doctor. Today, 25-30% of all practices are owned by a group, IDSO, DSO, DPO or Private Equity Group. Times have changed. A lot. The value of a dental practice has never been higher.

- Sales that historically took brokers 3-4 years to sell, we are selling in 6 months (with a bidding war).
- Demand for dental practices far outstrips supply.
- At TUSK we sell practices that regional brokers still sell for 70% of collections for 150 – 300% of collections

Education and Transparency

Selling to a group or DSO is not for everyone. As I shared, I am not sure my father would have sold to one even if he would have had the opportunity. Frankly, I am rather agnostic on the matter of who a dentist decides to sell his or her practice to. But I am adamant that every **dentist who owns a practice should be aware of the market today** and be informed about the wide array of prices buyers are willing to pay. We make it our job each day to inform the dental community of the opportunities that surround them and work hard to aid our clients in making well-informed decisions about who to sell to and partner with.

If you are thinking about selling your practice in the next 5 years, give us a call (704.302.1043) – we are always happy to talk with you. We want you to know all of the options you have when it comes time to sell. **If you receive an unsolicited offer from a group, DSO or PEG give us a call. They are not the only group who is interested in partnering with you – I promise.**

The Point of It All

It goes without saying that a lot has changed over the past 15 years in the business of dentistry. There are more buyer's than ever who are looking to buy your practice. It's important that you stay informed about the wide array of buyers and prices that they are willing to pay. If you've received an unsolicited offer from a DSO or PEG, don't take the offer, I promise there are more groups out there who would be interested in partnering with you.

About TUSK Partners: TUSK Partners ("TUSK") provides M&A Advisory services in the dental industry. TUSK has completed over \$650M of transactions across all specialties. With an in-depth understanding of the marketplace and access to 100's of buyers nationwide, we help our clients confidently pursue M&A transactions that maximize their long-term value. With our significant collective experience of over 40+ years of dental practice transactions, we offer our clients solutions that help them achieve their strategic and financial objectives. For more information, visit <https://tusk-partners.com>



About the Author: Kevin has over a decade of experience in the dental industry. He has valued and sold over 120 dental practices, managed over \$100MM of revenue in a DSO, and is co-owner of a start-up dental practice, Mundo Dentistry. He earned his BA from Washington & Lee University and MBA from the Babcock School of Management at Wake Forest University.