



PRACTICE TRANSITIONS

CLIENT CASE STUDY

Strategic Practice Transition: Maximizing Value and Efficiency in a Competitive Market

INTRODUCTION

Dr. L, an accomplished dentist, owned and practiced in a thriving clinic in a Fort Worth suburb. She led the practice to achieve substantial annual revenue and an impressive EBITDA. Dr. L and her husband, a prominent figure at a Texas-based investment bank, knew they wanted to transition out of the practice and relocate to make a life change. The idea moved the couple to dig deeper into the strategic sale of their practice.

Dr. L's husband initially attempted to work directly with large Dental Support Organization (DSO) groups but was not successful. He also engaged a competitor of Practice Transitions Group, but the broker was unable to connect the doctor with the right groups who could offer the specific deal he was looking for.

Around the same time, Practice Transitions Group (PTG) sent a mailing card to the practice. Within months, Dr. L reached out directly to Thomas Allen and expressed interest in discussing the sale of her practice. After a long conversation, Dr. L and her husband concluded that Thomas could execute the deal they wanted. They understood Thomas' established relationships in the industry were far more valuable than their own, as well as other brokers they had tried to work with

CHALLENGE

Dr. L and her husband told Thomas they wanted an expedited sale, without the typical three-year DSO arrangement. For personal reasons, they could not stick around to help the practice grow with a DSO. Still, they firmly believed their practice held a higher value than a doctor could typically purchase it for.

OUR APPROACH

Recognizing the need for a tailored strategy, PTG conducted a comprehensive analysis of the market. Anticipating a large multiple, based on the practice's prime location and desirability, PTG structured the approach accordingly.

Thomas leveraged his established relationships with DSOs to bring buyers forward and generate interest. The sophisticated husband-seller was immediately impressed by the number of buyers with genuine interest, in contrast to his initial attempts to contact DSOs directly. Within one month of listing the practice, there were four offers that checked every box

ROADBLOCK

One serious buyer expressed concern that Dr. L's exit could impede future growth. Although the practice achieved remarkable hygiene revenue, had multiple operatories, and an end cap location in a retail center, the DSO group was still concerned that the success was predominantly attributed to the doctor's efforts.

Other DSO Groups were nervous about finding the right doctor to succeed in Dr. L's position.

SOLUTION

Dr. L decided to step down and hire an associate. This move allowed Thomas to effectively demonstrate that the practice would experience a modest decline, but not a substantial one. As Dr. L's practice sustained itself with her on the sidelines, Thomas' confidence only grew in the practice. Dr. L ultimately chose a Texas-based DSO as her buyer in the transaction.

RESULTS

- **Optimized Valuation:** The practice closed at a price that exceeded the client's initial expectations.
- **Structured Deal:** A multimillion cash close deal and an earnout, contingent on revenue levels maintained.
- **Empowering Staff:** In recognition of their contributions, bonuses were allocated to staff, fostering motivation and dedication throughout the transition.
- **Competitive Buyer Engagement:** Within just one month of PTG's involvement, PTG attracted multiple buyers, surpassing the client's year-long efforts.

Beyond obtaining the best financial outcome, we are committed to ensuring the long-term success and legacy of each practice we work with. We approach every transaction with a genuine desire to understand our client's goals, crafting deals that align with their vision for the future. Then, we lead all aspects of the sale or partnership. With a team that combines expertise in financial analysis, marketing strategies, and sell-side negotiations, we execute successful, profitable transactions for our clients.

Call us at (512) 761-7101 or send us an email at info@PracticeTransitionsGroup.com