



PRACTICE TRANSITIONS

CLIENT CASE STUDY

Texas-Based Dental Practice Transition Consultants Negotiate First DPO Transaction in West Virginia

INTRODUCTION

Dr. M and Dr. G were partners at a two-location general dentistry practice in Charleston, West Virginia. Charleston's small-town feel and a population of fewer than 75,000 people, meant that the practice relied heavily on referrals as its primary source of new patients. This was complemented by the doctors' involvement in the community and fostered a strong word-of-mouth reputation that significantly reduced the need for extensive advertising budgets.

Despite their success, the doctors' motivation for reaching out to dental practice transition consultants was driven by exhaustion from running the office. Dr. M and Dr. G found Practice Transitions Group online and quickly filled out the group's complimentary valuation calculator tool to determine the value of the practice. Shortly after, Lauren Wheeler and Thomas Allen with Practice Transitions Group reached out to discuss options with the doctors.

CHALLENGE

The market at the time posed a significant hurdle because of the state's limited growth and its predominantly Medicaid market. Additionally, the absence of prior Dental Support Organization (DSO) acquisitions in the state made it challenging to identify potential buyers, further complicating the process.

OUR APPROACH

Aligning professional interests between the owners was the priority for PTG's dental practice brokers. The team kept each doctor's goals at the forefront during each process step. Lauren and Thomas also focused on the strengths of the practice, of which there were many.

Recognizing the need to drive the narrative and present the practice confidently to the market, strategic efforts were made to attract buyers from neighboring states where DSOs had already acquired practices. By coupling that outreach with showcasing Dr. M and Dr. G's unique practice offerings and the untapped market potential, Lauren and Thomas expanded the pool of potential buyers and maximized the deal's value.

ROADBLOCK

The negotiation phase was complex, with the initial offer falling short of expectations. The first potential buyer initially expressed skepticism about the West Virginia market. However, after attracting multiple other offers from buyers that saw West Virginia as untapped, not a liability, PTG was able to negotiate a better deal for his clients and increased the price and ultimately the enterprise value.

Medicaid billing discrepancies and other hiccups also popped up at the end of the deal. But Thomas and Lauren, as expert dental practice transition consultants, worked to mitigate those risks and reassure the buyers about the acquisition opportunity.

SOLUTION

The final negotiated deal resulted in significant financial gain for Dr. M and Dr. G, providing them with a substantial cash payout, holding company stock in the DSO, and equity in the practice they had worked so hard to build.

The new partnership resolved their varying career timelines and provided a pathway for both partners to exit the practice on favorable terms, free of future conflicts and financial uncertainties.

RESULTS

Despite the challenges, the acquisition attracted interest from regional and national groups, signaling potential growth opportunities in the West Virginia market.

Strategic planning, effective negotiation, and proactive problem-solving were instrumental in overcoming the unique market conditions and potential partnership dynamics in dental practice acquisitions. By understanding the motivations of stakeholders and leveraging market opportunities, the deal provided financial benefits and paved the way for a smoother transition and long-term stability for Dr. M and Dr. G.

As dental practice brokers, Lauren and Thomas' strategic follow-up and detailed questions regarding the practice's operations and financials helped refine the negotiation strategy and showcase the practice's potential to buyers. Their marketing initiative along with ongoing communication, facilitated the negotiation process and ensured a competitive environment for the deal.

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