

WHY I SUPPORT HANDS-ON OWNER-OPERATOR DENTISTS

Many dental corporations (DSO) have approached me over the years and I have sold practices to all of them.

Often, they make a pitch to persuade Brokers to treat them with priority. I can certainly see why.

I have been flattered with finders' fees, Board positions (paid) and, in some instances, shares of the DSO.

Their motive is clear; they want me and my team of professionals to give them favorable treatment on new listings before we take them to the open, unrestricted market.

It should be known that I have refused them all. I have never signed on or acknowledged favor with any corporation in my career as the owner and CEO of ROI Corporation. This would be a truly unethical duality to straddle. The very nature of the brokerage contract that we sign specifically demands undivided loyalty.

I choose to believe in the dentist and independent business owner, as a business owner myself, I can certainly relate. My sole obligation must be to my client first and foremost, and the slightest deviation from this position would be cause for my license to be revoked. The same objectivity that applies to the appraisal side of our business flows through to the brokerage services we offer.

The DSO concept is not new in Canada. I worked for Tridont Dental Centers back in the 1980s. I reported directly to Dr. Howard Rocket. It went well for Tridont for about 10 years. With the benefit of my brief time at Tridont and now observing all the various DSO's as they climb the accumulation ladder, I believe that the dental profession should not be owned by private equity.

Professional practices are most vibrant when owned and operated by dentists as hands-on, owner-operators. Not ivory tower executives who strategize and scheme. Commoditization of certain products and services can make sense, but this most intimate of service thrives when there is a principal/singular source of responsibility with a vocational commitment to the patients, staff, and operations. The post-sale observations of patients and former owners are in. Unfortunately, they do not paint a pretty picture

Take the practice dynamic described above. When this caliber of practice is exposed to the open market, they continue to prove to be the most valuable and saleable practices. That, in part is why the DSO is eagerly coveting them across the nation.

The practices that are rolled into a corporate system may never come for sale again and they will be worth less if sold individually as they now must be cut from the corporate umbilical cord. Sounds easy but not without numerous branding, legal and accounting complications. What I describe is intangible and something that I as an appraiser wrestle with; the privately owned and controlled practice has a significantly higher goodwill footprint than the centrally run top-down model of an equivalent DSO practice. Just ask any buyer. . . .

Stay in solo practice. Be your own Boss. Own your practice until you are ready to transfer your legacy to another hands-on, owner operator and stay with them for a brief time to teach them what you have learned.



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