

The Dental Transition

N E W S L E T T E R

In this issue

Page 1

Are Solo Buyers a Thing of the Past?
Not so Fast....

Page 3

I Have a Buyer, Why do I Need a Broker?

Are Solo Buyers a Thing of the Past? Not so Fast....

With so much focus on the DSO industry reshaping the landscape of dentistry, it's no wonder that potential sellers worry there may not be enough solo dentists looking to buy practices.

As a dental practice broker, I find the truth is much more nuanced than the DSO industry would have you believe and that the solo prospects are, in fact, plentiful.

While the DSO industry has done a remarkably good job of convincing practice owners that private practice is fading due to management difficulties, high operating costs, and inefficiencies, the substantial funding behind this advertising/marketing campaign has overstated one aspect of the full picture. In reality, DSO growth has cooled due to higher borrowing costs (higher interest rates), some DSO failures, and many unhappy DSO sellers. According to the latest ADA figures, in Ohio, only 12% of dentists are affiliated with DSOs. This compares with a national figure of just over 16%.

At the other end of the spectrum, DSOs have successfully persuaded dental school students that their future lies in corporate dentistry. But after several years of this trend, these young dentists have realized that they can

earn much more money owning their own practice. The pattern has become a new trend of working for a DSO for several years as a new dentist, then buying your own practice. This is really no different from the past, where dentists worked for a group private practice before purchasing their own.

Here's what the numbers reveal about evolving buyer-pool trends, according to the latest analysis from the ADA's *The U.S. Dentist Workforce - 2025 Update*:

- Dental school enrollment is up. First-year enrollment was 7,013 in 2024, up from 6,708 the prior year.
- The supply of dentists is projected to increase through 2040, driven in part by the opening of new dental schools. In 2024, there was a record number of dental school graduates. Over the last two decades, the number of graduates has increased by 58%.
- Since 2001, 21 new dental schools have opened in the U.S., bringing the total to 75 as of 2025.
- In 2024, 26.5% of early-career dentists (up to 10 years out of dental school) started their careers working for a DSO.

Continued on Page 2

PRACTICE SALES + APPRAISALS + TRANSITION CONSULTING + ASSOCIATE PLACEMENT

Brought to you by



Are Solo Buyers a Thing of the Past? Not so Fast....

Continued from page 1

- Practice ownership appears delayed among recent graduates, but most dentists eventually become practice owners. Among 2011-2015 dental graduates, practice ownership jumped from 33% to 58% in just a five-year span.
- Dentists can earn more income by working for themselves. In 2024, the average inflation-adjusted income for practice owners was \$217,781 compared to \$160,891 for non-owners.*

With rising healthcare costs for employees and difficulties in finding hygienists, dental assistants, and administrative staff, private practice will become increasingly challenging. But practice owners who are high producers and learn to maximize technology and leverage social media to attract new patients will continue to thrive. Potential buyers—a large pool of

them coming from their start at DSOs and looking for the challenge and rewards of private practice—know this and will seek to buy a profitable practice like yours.

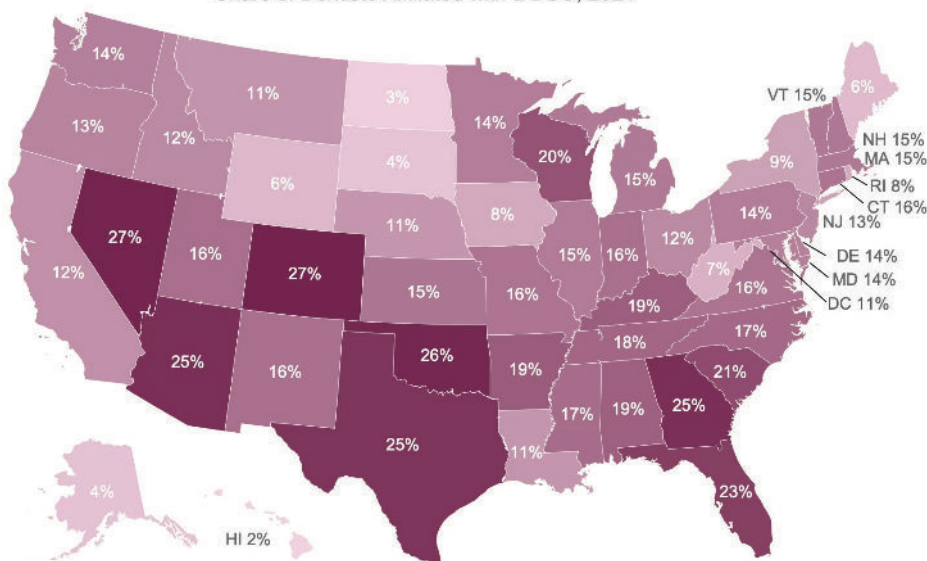
In summary, the narrative of the young dentist has changed, but the result has not; the endgame is still private practice. And with the dental industry growing robustly, there will be more and more dentists entering the buyer pool. In fact, I believe the future of dentistry will be 25% of dentists affiliated with DSOs and 75% in private practice.

For sellers and the industry alike, the message is clear: solo dentists are not disappearing—they are still actively and confidently buying into private practice dentistry.

**(Trends in Dentists' Income, Revenue, and Hours Worked, Update based on the ADA Health Policy Institute's 2025 Survey of Dental Practice and other sources)*

DSO Affiliation Varies Considerably by State

Share of Dentists Affiliated with a DSO, 2024



Approximately one-quarter of dentists in the following states are affiliated with a DSO as of 2024: Arizona, Colorado, Georgia, Nevada, Oklahoma, Texas, and Florida.

Contact us TODAY to schedule a free consultation!

I Have a Buyer, Why do I Need a Broker?

Recently, we've worked with multiple sellers who already found a buyer for their practice before they hired Practice Impact. In the past, when a selling dentist approached us to help after a buyer was engaged, we told them they didn't need to pay us, as a good dental attorney could walk them through the deal. It used to be that finding the buyer was the hardest part, and once you had a buyer and a price, it was just a matter of putting together standard purchase documents. Today, this is not always the case, and without a qualified broker involved, many deals fall apart before the closing or encounter numerous issues afterward, causing unnecessary distress for both the buyer and seller.

In today's world, once a buyer is interested in a practice, the real work toward a sale begins. When a buyer starts their due diligence on a practice, they'll request many reports and financials, and oftentimes, the selling doctor needs assistance on how much and what to provide to the buying doctor. Buyers have recently started hiring consultants to assist them through the process, and many want to have access to the seller's computer system to pull requested reports. Without a qualified broker, the seller may give the buyer the keys to the castle without any protection or supervision. At this point, the buyer does not need all reports and should not have access to patient information unless they have signed a HIPAA agreement. A good broker will make sure that the buyer and their advisor have signed the necessary agreements, and they pre-determine what information is actually necessary.

During the negotiating period, the selling dentist often needs someone to advocate for them as a buffer if negotiations become contentious. Not only do they need to decide the practice's sales price, but also how to handle the accounts receivable, the seller's transition, and the lease or real estate purchase amount. A broker can gently handle the back and forth so that the buyer and seller do not need to have those awkward conversations. The attorneys can also handle this, but it does not always go as well, as the attorneys are only looking out for their own client's best interest. While we, as the broker, do represent the seller, we are working toward the best outcome for both parties, so we have a bit of a different perspective than the attorney.

After the letter of intent is signed and prices are finalized, there is still more work to do. Having a qualified broker can reduce attorney fees for both the buyer and the

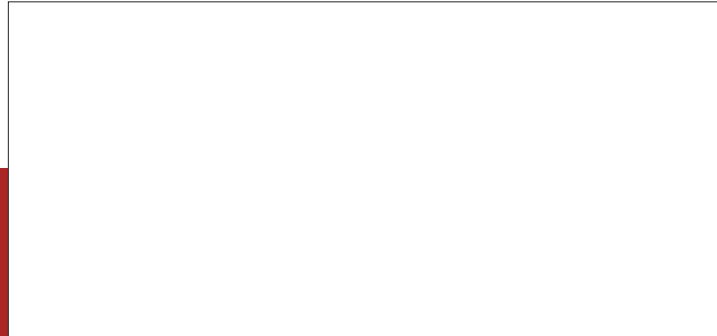
seller, as a broker has been through the process many times and can work with both attorneys and doctors to streamline the process. Practice Impact can also assist the buyer in obtaining financing by facilitating their loan requests with the banks, providing the practice information, and keeping the process moving, as we have strong relationships with all of the healthcare bankers and attorneys in the state.

For some of our more complex deals, we can also speak with banks before anything is submitted to identify which banks are the best fit for the buyer. By doing this, we can save the buyer time and energy by not applying to banks that are unlikely to be interested in their deal, or by offering a competitive rate for that deal at that time. Banks have their own financing ebbs and flows, and it varies with how competitive they are; it's not the job of an attorney to keep up to date with what they are doing. Brokers work hand-in-hand with the banks and are well-equipped to match the buyer with the bank best for your deal.

Before the closing, Practice Impact will also keep the doctors on track with everything else that needs to be done for the transition, including when and how to tell the staff, transferring vendors and utilities, drafting a patient letter, and registering the x-rays. Many of these items are often overlooked in a transition, but can cause issues if not done correctly. They are also items that your attorney may not know how to handle or may not want to handle with you. Over the years, we have heard of transitions that go sour after the closing because seemingly small tasks were not complete – the seller didn't really understand how and when to send out the patient letter, the buyer didn't know about service contracts and got stuck paying for something they don't want, or the buyer didn't transfer a sensor warranty and then had to pay for a brand new sensor. These may not seem like big items, but they add up and can contribute to ill will between the buyer and seller or even the buyer and staff. A good broker will find solutions for both sides before the closing, so there are no issues after the closing.

There is also an emotional aspect to a practice sale, especially for the selling doctor. You are not just selling an asset; in many cases, this is the only time you will ever sell a practice. You are selling your life's work, and no matter how ready you think you are, this is a difficult task to get through. Every seller reacts a little differently,

Continued on Page 4



A Member of



Scan this with your phone's camera for more information on PI

ARTICLES INSIDE:

Are Solo Buyers a Thing of the Past? Not so Fast....

I Have a Buyer, Why do I Need a Broker?

WWW.PRACTICEIMPACT.COM

PRACTICE SALES + APPRAISALS + TRANSITION CONSULTING + ASSOCIATE PLACEMENT

I Have a Buyer, Why do I Need a Broker?

Continued from page 3

and a good broker will adapt to your needs and help you through this time. Selling your practice is a huge change in your professional life, your financial life, and your personal life, not to mention how it will change the lives of your staff and patients. A good broker will listen to your worries and give you an honest opinion, and help you process and cope with the change. It may be how to tell a worried staff member about the sale or a concern that the buyer is going to change procedures in the office. Whatever it is, a good broker can help you determine if it's something you really do need to be

concerned about, how to deal with it, or if it's something that you just have to let go. Sometimes, just accepting that you have to let go is the hardest part, and that is what a good broker can help you achieve.

Practice transitions have more moving parts than ever before. It's no longer just setting a price and signing documents. Even the smallest of practice sales need an expert to get it done right. Do yourself a favor and talk to a qualified practice broker for your peace of mind.

What Our Clients Have To Say About Us Matters

"My experience with Practice Impact was very positive throughout the process. The first meeting I had with Paul was in person and he spent quite some time learning about the practice and explaining the typical sale timeline. The biggest challenge was not just finding the physician that had the funds to purchase the practice, but to ensure they embraced a very similar dental philosophy. Once I had an intent to proceed, Mollie, did an incredible job communicating with all parties to ensure the contract stipulations were being met every step of the way. She is a fabulous communicator and is a key member to ensure a successful closing! We would certainly recommend Practice Impact for the consideration of your practice sale." *Dr. Michael Kreimer, Loveland, Ohio*