

Mapping Your Journey with Everything DSO – Understanding the Process

Step 1 – Discovery, Understanding Your Personal and Professional Goals

Affiliating with a DSO is not right for every dentist or practice. Our work together begins with me developing a deep understanding of your desired outcome and your motivation for exploring a DSO relationship. This is commonly achieved in one or more telephone conversations, after which you will decide whether or not to proceed to the next steps.

Step 2 – Execution of Non-disclosure Agreement (NDA)

The NDA is a document that obligates us to keep any shared information confidential. You will be asked to share financial and operating data on your practice to enable the completion of a practice valuation. I want you to be assured that this information will not be shared with anyone without your express permission.

Step 3 – Data Collection and Submission

You will be provided with a list of the data necessary to complete a practice valuation. This will include general practice profile data, tax returns, profit and loss statements, balance sheets, employee data, and production and collection reports.

Step 4 – Completion of the Practice Valuation

The valuation will be completed using the same methodology used by the DSOs. This will give you a clear idea of the value of your practice in an affiliation with a DSO. I will also give you an appraised value of your practice in a traditional sale to another dentist so that you can compare the two. Typically, there is some difference between these numbers based on the different valuation methodologies used by each type of buyer.

Step 5 – Practice Improvement Outline (Only if necessary)

After completing the valuation analysis, I will give you an outline of steps that you can take to improve the revenue and profitability of your practice. These improvements, if implemented, should improve your practice's value in any future transaction. DSOs usually have a threshold level of revenue and profitability necessary to qualify for an affiliation, and if your practice falls below that threshold, this practice improvement plan can help you qualify.

Step 6 – Intermediate Decision Point

You will decide if you want to engage in tangible discussions with any DSOs. At this point, you have the option of abandoning our work together with no further obligation.

Step 7 – Introduction to One or More DSOs That Are Best Match for You and Your Practice

There are many DSO's with widely varying operating models and organizational cultures. I will help you connect with those who are a good match for you and your personal and professional

goals and objectives. I will also prepare a package of information and data that positions you and your practice in the best light possible to present to any DSO candidate.

Step 8 – If DSO Interest is Achieved, Negotiate the Terms of a Letter of Intent (LOI)

Once we garner DSO interest, we will negotiate a Letter of Intent that outlines all the essential terms of a proposed transaction. For most DSOs, the LOI is usually non-binding for you other than the confidentiality and “no shop” provisions. You can walk away at any time until definitive transaction documents are executed, and a closing occurs. Also, if you do not already have legal counsel, I can assist in referring several highly qualified healthcare attorneys with substantial experience representing dentists in DSO transactions.

Step 9 – Final Due Diligence

I will assist you with any final due diligence the DSO requires before the preparation and attorney review of final transaction documents including purchase agreement, employment agreement, and operating agreements.

Step 10 – Preparation, Legal Review, and Final Negotiation of All Transaction Documents

This is essentially self-explanatory and is the final step before closing.

Step 11 – Closing

This is typically handled remotely with both sides signing all documents beforehand with signature pages released by counsel with your approval. Any cash consideration due at closing will typically be wired into your account.

Here’s the Really Good News: My services are free of charge. The DSO compensates me if and only if there is a closing transaction.

And there is no risk to you unless a transaction can be achieved on terms that you find acceptable. In other words, if you’re not happy, there is no deal – and that is precisely why I will use all of my experience as an industry insider to represent your interests aggressively.