Mergernomics

The continued growth and success of a solo practice is becoming more difficult every day. With increased competition, the influx of capitation programs, insurance clinics, advertising retail centers and an unpredictable economy, a practitioner must be prepared to consider ways of expanding his traditional patient base. Many practitioners make the mistake of joining these commercial programs to add more patients to their practice and discover that these fee conscious patients will leave the practice as soon as someone else offers them a lower fee.

A practice merger, buying a practice and moving it to your office, is the best vehicle to expand your practice. Patient retention averages 95% or better, if the transaction is handled properly. This adds considerable stability to your practice and assures you a strong position in the future marketplace. The Seller will stay and work for the Purchaser as an independent contractor until retirement.

A practice merger will allow you to increase the use of your present facility, hire an associate, and overcome "Solo Economic Dependency" by enjoying an income derived from the associate's income. You have made a considerable investment in your office, and perhaps it's time to maximize its use.

With a practice merger, you will not incur any additional costs to your fixed expenses, such as rent, utilities and telephone; you will get more work out of your existing staff, and will perhaps have to add only one or two additional staff members. All other expenses will be directly related to production: lab fees, supplies and the commissions paid to the selling dentist or associates. This maximizes income and minimizes risk.

The following projection is based on the selling dentist or associate producing all the additional production resulting from the merger. **If the purchaser chooses to produce all of the acquired production, the profit will be approximately $281,700, which represents an annual return of 188% on your investment.**

This presents the opportunity to derive passive income from the practice, income generated without additional clinical production by the purchaser. As the seller phases out of the practice, the resulting overflow of patients allows for the addition of an associate, thereby eliminating… **"Solo Economic Dependency."**

In addition, the purchaser has reduced competition and has prevented another, possibly more aggressive competitor from purchasing the seller's practice and establishing a foothold in the purchaser's marketplace.

EXAMPLE: $500,000 Gross Practice
$390,000 Selling Price

A down payment of $150,000 (represents the actual cash investments) and merging it into your present facility will produce the following results:

EXPENSES	**AMOUNTS**
1. Additional Assistant	**$ 24,000**
2. Lab Fees (8%)	**$ 40,000**
3. Supplies (6%)	**$ 30,000**
4. Seller's Commission (40% commission)	**$140,000**
5. Additional Hygiene (30% commission)	**$ 45,000**
Total Expenses	**$ 279,000**
Gross Income	**$500,000**
Less Expenses	**$279,000**
GROSS PROFIT (43% passive income)	**$221,000**
Less Debt Service-Loan Payments ..	**$ 79,300**
CASH FLOW	**$141,700**

Every year that passes without a merger is another year of unrecognized (or lost) income that could have been generated from your practice if you had completed a merger.

If you would like information about opportunities in your area, or if you would like to speak to another doctor who has utilized this program, call Legacy Practice Transitions today and arrange for a personal consultation with a practice analyst to discuss your needs and options.