

The Hidden Cost of Bad Advice



by Richard V. Lyschik, DDS, FAGD

Young doctors can maximize their chances for success by learning the benefits of practice ownership as compared to being an associate. Remember, it's not what you earn, it's what you keep! All it takes is a little business sense and access to the right information.

"You can't judge a book by its cover" is a well-known adage warning the unwary to look deeper into an advisor's hidden agenda before buying into their advice. For advice to be constructive and meaningful, time must first be spent learning more about you and your objectives before it is given. If this process is skipped, then most of the advice you receive will either be inappropriate or simply bad. And let's not forget, free advice is often worth exactly what you pay for it!

For example, some dental students are being told that the value of dental practices is dropping because there are more sellers than purchasers coming into the marketplace. This is only true for certain locations. In rural areas, there are fewer purchasers,

so the more rural practices that come up for sale, the lower the prices will go. However, each practice in highly desirable metro areas may have 10 to 20 or more prospective purchasers, so prices will remain high. Therefore, this claim of falling dental practice prices is extremely misleading.

There are many young dentists who have lost out on great practice opportunities in these highly desirable areas because they were told by their uninformed advisors that a practice was priced too high. These same practices were then purchased by other dentists who understood that any difference of opinion relating to the purchase price paled when compared to having the right practice in the right area for the next 30 or 35 years. The dentist who passed on buying the practice would, more often than not, continue wandering from office to office for years thereafter, looking for a great "deal," while losing tens to even hundreds of thousands of dollars in potential annual income that could have been earned through owning that practice in the prime location that they were advised was priced too high.

Dental supply companies will frequently advise their dental customers to open new practices because that is where they, as suppliers, can make the most money. Why advise a new dentist to buy someone's old office with used dental equipment, (and possibly, an existing population of patients) when more equipment and supplies can be sold to a dentist opening a new practice from scratch? But these same dental supply companies neglect to inform new buyers that dentists who start a practice from scratch earn on the average \$2.5 million dollars less over their practice lifetime than those dentists who purchased an existing practice.

Even some well-meaning dental schools invite so-called outside experts to "advise" their junior and senior students. There are instances where these advisors have financial ties to certain commercially owned dental practices, and may advise students against buying their own practices in favor of going to work for one of these commercial practices as an associate to build up their production skills before striking out on their own. If these trusting students, already burdened with school debt, follow this advice, then they may face years of much lower income (we have seen compensation as low as 8.7% of production!) and rising interest-related debt before discovering that they have no future where they are, have lost hundreds of thousands of dollars of unrecoverable earnings that they could have made if they had owned their own practice, and have provided support to the very companies that are going to be competing with them and their

colleagues for the same business they'll need to survive themselves. Many associates usually don't discover this error for 5 to 7 years, thereby compounding the hidden cost of this bad advice.

Keep an open mind, think logically and find a "guide that knows the territory." Just remember, it's your future. And yes, millions are at risk! **Take advantage of good advice, and no one will take advantage of you.**



Dr. Richard V. Lyschik's transition, management and coaching experiences go beyond the traditional single general dental practice sale. His Dental Office Network Team has helped thousands of dentists acquire, expand, merge multiple practices, build from the ground up, as well as guided older, disabled and "burned out" dentists sell with dignity. The Practice Rescue Department has resurrected practices in demise, saving them from imminent disaster. Over

50% of dentists return 2-3 years later to invest in another dental practice! Dr. Lyschik has broken numerous industry records as the highest producer in the country! Just ask any major lender – they all know him! To discuss your transition plans with a seasoned fellow dentist who "speaks your language" and a recognized Premier Transition Specialist, or to schedule your free appraisal, contact Dr. Lyschik by email at info@officenetworkusa.com or call (214) 893-0410.

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