

Blueprint for Career Transition Success

How Leadership and Marketing Affect Practice Value



Roger P. Levin, DDS
Chairman and CEO



Levin Group, Inc.



Baltimore, MD



Phoenix, AZ



Marseille, France

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Levin Group, Inc.



Levin Group Consultants at our corporate headquarters

3



Levin Group, Inc.



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2014 Dental Excellence Award



DrBicuspid.com Editor-in-Chief Tony Edwards said he was pleased that their readership recognized continued excellence.

"It's an honor to present this 2014 Dental Excellence Award to Dr. Levin. Our readership overwhelmingly acknowledged his contributions to the industry in nominating, and choosing, him for this award."

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19 Keys to a Successful Ortho Transition



19 Keys to a Successful Ortho Transition

Definition of Transition

a : passage from one state, stage, subject, or place to another : [change](#)

b : a movement, development, or evolution from one form, stage, or style to another

Source: Merriam Webster Dictionary

19 Keys to a Successful Ortho Transition

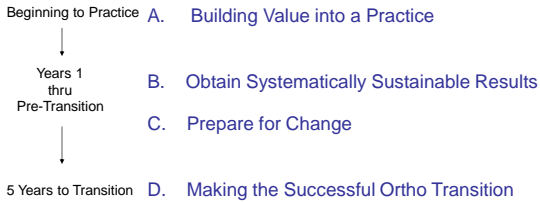
Definition in Dentistry

a change in the organizational structure of your practice which leads to reduced stress, improved operations and most importantly, an enhanced economic state for you, the practice owner.

Source: Levin Group Transition Services

19 Keys to a Successful Ortho Transition

The Right Approach to Transitions Is a Life Long Process



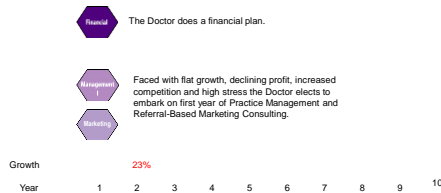
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A. Building Value into a Practice

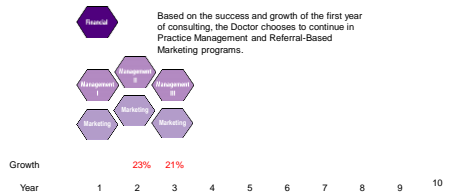
Initial Status

- Type of practice: Orthodontic
- Annual production: \$780,000
- Number of doctors: 1
- Days worked per week by owner: 4
- Owner's main concerns: Flat growth, declining profit, high stress, solo practice

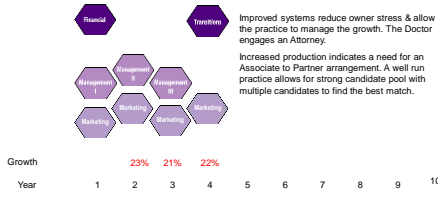
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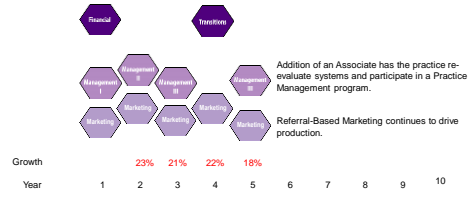
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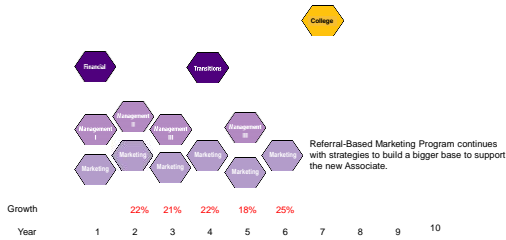
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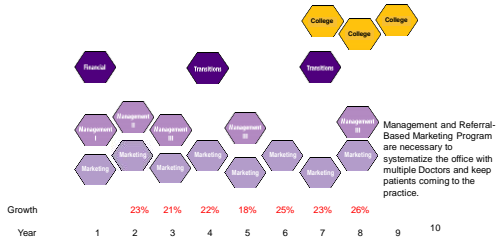
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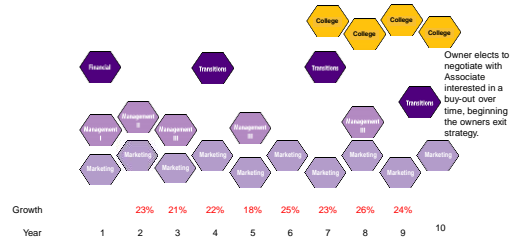
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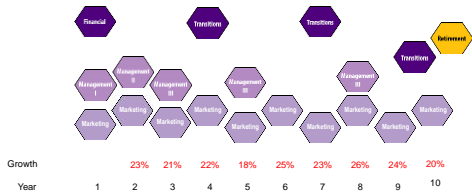
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TOTAL PRACTICE SUCCESS™
THE PRACTICE TRANSITION CONSULTING SOLUTION

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10 Years Later...

- Type of practice: Orthodontic
- Annual production: \$4,800,600
- Average annual growth rate: 22.4% per year over 10 years
- Number of doctors: 2
- Days worked per week by owner: 3
- Owner's main accomplishments:
 - Top-branded practice
 - Very low stress environment
 - Productive and supportive staff
 - Financial independence
 - Received significant revenue on buy-in
 - More coming on buy-out

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19 Keys to a Successful Ortho Transition

D. 5 Years to Transition Making the Successful Ortho Transition

- Initial Analysis
- Management Systems Review
- Marketing Programs Review
- Practice Valuation
- Associate/Partner Timing, Selection & Evaluation

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1. Get Started Immediately
 - Began the initial groundwork
 - Eliminate debt
 - Create a strong Foundation
 - Successful transitions can take 5 years

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2. Do You Need a Partner?
 - Practice Capacity
 - Full-Time/Part-Time
 - Days Working vs. Income

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3. Create a Vision
 - Practice Growth
 - Number of Drs. And Staff
 - Shared Responsibilities

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4. Have Clear Goals
- Personal
 - Professional
 - Three Years Later

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5. Prioritize Needs
- Nice to Happen
 - Like to Happen
 - Must Happen

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6. Get Advice on Good Due Diligence
- Don't Rush
 - Organization
 - Chart Audits
 - Practice Systems

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7. A Good Match Takes More Patience
- Buyer and Seller
 - Buyer and Staff
 - Buyer and Patients

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8. Get Regular Valuation Check-Ups
- Formal Valuation
 - Every 5-7 Years

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8. Get Regular Valuation Check-Ups (Cont'd)
- Capitalization Rate
 - Risk-free Rate of Return
 - Common Stock Equity Risk Premium
 - Small Stock Risk Premium
 - Industry Risk Premium for Dentistry
 - Practice Specific Premium for Ortho

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9. Choose a Valuation from Ortho Experts
- A Professional who knows the Ortho Practice and the Ortho Market
 - A Professional who follows the Guidelines set forth in IRS Revenue Ruling 59-60 and the Guidelines set forth in AICPA, Statement on Standards for Valuation Services 1

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9. Choose a Valuation from Ortho Experts (Cont'd)
- Flat Fee, Not a Percentage

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10. Value of Goodwill
- Definition
 - Calculation =

Purchase/Selling Price
Less
Value of Net Assets

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10. Value of Goodwill (Cont'd)
- "It is the benefit and advantage of the good name, reputation and connections of a business. It is the attractive force, which brings in customers. It is one thing which distinguishes an old established business from a new business at its first start."

Lord Edward McNaghten

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10. Value of Goodwill (Cont'd)
- First Impression
 - Indications of Practice Strengths and Opportunities

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11. Get the Right Attorney - Ask yourself
- "Who can I confidently depend on for one of the most important activities of my life?"
- Experience Throughout Dentistry
 - Member of Your Transitions Team
 - Not Your Family Attorney

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12. Pay Flat Fees, Not Hourly Rates
- More Cost Effective
 - More Predictable
 - More Fair

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13. Use One Transition Team
- Partners vs. Adversaries
 - Costs Less
 - Better Communication

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14. Remember that Personality Matters
- Orthodontists are Winners
 - Personality Conflicts
 - Compatibility

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15. Negotiate for Your Goals
- Share Your Priorities
 - Ask for the Other Parties' Goals
 - Use a Transitions Team that will Find a Fair and Common Ground

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16. Expect Change
- Your Daily Life
 - Commit to Change
 - Boundaries and Expectations

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17. Don't Change Everything
- Good Systems
 - Good People
 - Good Marketing

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18. Post-Transition Plan
- Location
 - Financial Planning
 - Part-Time Orthodontics

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- 19 Final Contract Points
- Tax Allocations (i.e. goodwill, supplies, equipment, covenant not to compete, etc).
 - Seller to Stay on Staff
 - 5 Year Plan Built-In

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BUILDING

A LEVIN PRACTICE™

ONE SYSTEM AT A TIME

Thank you and
Good Luck

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