

— FOR PRACTICE OWNERS

Is a DSO Contacting You?

An unsolicited offer can feel flattering. Here is what is really happening — and how to make sure the conversation works in your favor, not theirs.

Bergquist Group Insights • **Practice Transitions**

If you own a dental practice, there is a good chance a dental support organization has already reached out — a letter, an email, a phone call from someone who "happened to be in the area" and would love to learn more about your practice. It can feel flattering. It can also be the opening move in one of the most important financial negotiations of your life.

DSO acquisition activity is high right now, and buyers are competing hard for quality practices. That competition can work powerfully in your favor — but only if you understand what you are walking into before you respond.

Why they are calling

DSOs grow primarily by acquisition. They have growth targets, capital to deploy, and a steady appetite for established, profitable practices. Many also operate on a timeline driven by their own investors, which means they are motivated to transact. A direct, unsolicited approach to you is not a coincidence — it is a deliberate sourcing strategy designed to start a conversation on their terms, before you have talked to anyone else.

THE KEY INSIGHT

An unsolicited offer is a starting point, not a finish line. The first number you hear is almost never the best number available — and a single-buyer conversation gives you no leverage to find out what your practice is truly worth.

What to do before you respond

- ✓ **Don't sign anything yet.** Letters of intent, non-disclosure agreements, and exclusivity clauses can quietly limit your options. Have them reviewed before you commit to anything.
- ✓ **Know your number first.** Get an independent sense of what your practice is worth in today's market, so you can evaluate any offer against reality rather than hope.
- ✓ **Understand the deal structure.** Headline price is only part of the story. Equity rollover, earnouts, post-sale employment terms, and how add-backs are treated can swing the real value of a deal dramatically.
- ✓ **Consider creating competition.** One interested buyer means there are likely others. A represented, competitive process routinely surfaces stronger terms than a private one-on-one negotiation.

The structure matters as much as the price

Two offers with identical headline numbers can be worth very different amounts once you account for how much is cash at close, how much is tied to future performance, what your role and compensation look like afterward, and how the agreement handles your continued production. Sellers who go into these conversations without "structure literacy" are at a real disadvantage — even when the top-line figure looks attractive.

None of this means a DSO sale is a bad outcome. For many owners it is an excellent one. It simply means you should enter the conversation informed, represented, and in control of the process — not reacting to it.

This article is general educational information for dental practice owners and does not constitute legal, tax, or financial advice. Transaction structures and their implications vary widely; consult qualified counsel and your CPA before responding to any acquisition approach.

Got an offer you're not sure about?

Before you respond, talk to a broker who represents your interests. We'll help you understand what's on the table — no obligation.

(702) 521-9953

jared@bergquistgroup.com

bergquistgroup.com