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Newsletter Article Reprint

From Hy's Desk: Forging Onward - Surviving Economically Rough Terrain

January 2009

2009! This will be a year to remember for very significant reasons. We will enter into a new era politically and socially, but more importantly we will be facing a very difficult economy. The recession that has developed is impacting all sectors of the economy, including dentistry. In some areas, it is a very deep impact, where in others it is less severe. But, it is affecting all of dentistry including the financing sector which supports the acquisition and refinance of dental loans, and also the financing of expansion of practices including new equipment purchases and lines of credit.

One of the major finance companies, General Electric Healthcare Services, a division of GE, as of January 9, 2009, has eliminated its dental acquisition financing department and will no longer be providing dental purchaser or start-up financing. Several years ago GE bought HPSC which was the original dental acquisition and equipment financing company in the country and GE initially proposed a very aggressive entry into the financing market.

The loss of GE is a big blow to our industry as GE was one of the big three or four lenders. Fortunately, GE sold its portfolio to Wells Fargo Bank which owns MATSCO Financial, a very reputable company, with whom we have been working for many years.

As of now, Bank of America, MATSCO Financial and Professional Practice Capital (PPC Loan) are the main players in the market place. There are other broker lenders that acquire their money from various sources, including the Small Business Administration. Hopefully, this economic fall-out will not further reduce dentists' ability to secure reasonably priced financing.

As we face this critical time, now more than ever before, it is important to get your practice running fiscally responsibly with proper fee structure, cost structure (expenses) and management. As I've stated before, dentistry will continue to be needed, but now is the time to "get back to basics" and be pro-active in controlling overhead, including staff expenses, adjusting fees, working on internal marketing for new patients and controlling accounts receivable, especially with the insurance companies. It's probably a time to have a "State of the Practice" meeting with your staff and lay out specific plans to assure your profitable survival in economically rough terrain.

We, at ADS Florida, wish you all a very happy and prosperous New Year and remind you that you can call on us for any assistance or advice related to your practice. Our team consists of two formerly practicing dentists one of whom is an attorney and two MBAs. I think we can honestly say we ARE THE BEST, and we are very proud of it.

A handwritten signature in black ink that reads "Hy Smith".

Hy Smith, MBA
Managing Member

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ADS Florida, LLC | 5100 Tamiami Trail North, Suite 106 | Naples, FL 34103 | <http://www.ADSflorida.com> | (800) 262-4119