UNITED PERIODONTAL BROKERS OF AMERICA

Executive Summary

The "Check vs. The Clock" — Choosing Your Exit Path

When a periodontal practice hits the market today, sellers are often presented with two wildly different offers: a "clean" exit from an individual specialist or a "high-multiple" partnership with a DSO. While the corporate number is usually higher, it comes with a longer timeline and more strings attached.

Here are how the two paths compare when you look past the initial offer.

1. **The Payout: 100% Upfront vs. Tranches**

Individual Buyer: Typically, these are 100% cash-at-close deals. Once the keys are handed over, the financial risk shifts entirely to the buyer.

Corporate (DSO): You will likely receive 60% to 80% in cash up front. The remainder is often held back in "rollover equity" or structured as an earn-out. This means a portion of your sale price is essentially "at risk" and depends on the practice hitting specific performance milestones over several years.

2. **The Timeline: The "Work-Back" Reality**

Individual Buyer: These transitions are built for speed. You are usually looking at a 6-to-12-month period to introduce the new doctor to your referring GPs before you sail into the sunset.

Corporate (DSO): Because the DSO is buying your clinical hands and referral "stickiness," they typically require a 5-year work-back commitment. If you aren't ready to commit to five more years of full-time surgery, a corporate deal may not be the right fit.

3. **Take-Home Pay: Owner vs. Employee**

Individual Buyer: You keep 100% of your profits until the day you close.

Corporate (DSO): Post-close, you become an employee. Most sellers see a 25% to 40% reduction in personal income because they are no longer collecting the practice's profit (EBITDA)—they are simply being paid a percentage of their personal production (typically 25-30%).

Beyond the financials, the "readiness" of the doctor is the most important factor.

The 5-Year Head Start: If you are considering a corporate buyer, you need to start your exit search **up to 5 years sooner** than you would for an individual sale to account for the mandatory employment contract.

The "Foot on the Gas" Factor: Often, when a periodontist starts considering a transition, they have naturally begun to take their foot off the accelerator.

With an Individual: This "coasting" is generally not a problem.

With a DSO: You must keep your foot on the accelerator for likely the next five years to hit your incentives and earn-out. You must honestly assess if you have the stamina to maintain that peak surgical pace.

Feature	Individual Specialist	Corporate / DSO
Cash at Close	100%	60% – 80% (Balance is "At Risk")
Post-Sale Commitment	6 – 12 Months	5+ Years
Income Post-Sale	N/A (Full Exit)	Associate Pay (Lower than Ownership)
Stamina Requirement	Can slow down pre-sale	Must maintain "foot on gas" pace
Risk Factors	N/A (Full Liquidity)	Performance Milestones & Earn-outs