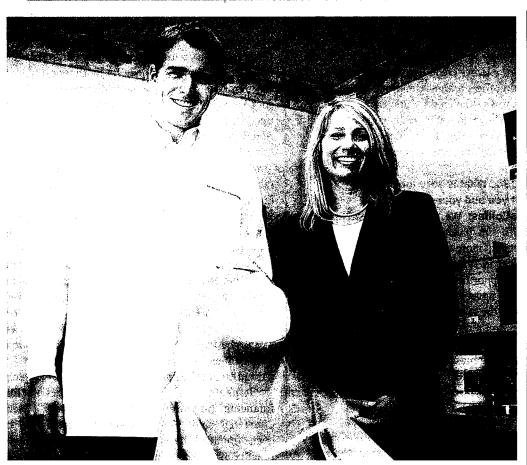
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Dr. Scott Van Timmeren recently financed the purchase of an existing dentistry practice with the help of a business loan from The Bank of Holland, working with Betsy Haller to make the transition smooth.

Exit strategy:

Buyouts an option for professionals looking to exit

By Nathan Peck | MiBiz npeck@mibiz.com

GRAND RAPIDS — The doctor will see you now.

For Dr. Scott Van Timmeren, the prospect of owning his own dentistry practice is the product of more than seven years of education and work. After working in a series of associate positions at dentist practices large and small, Van Timmeren found that he wanted to find an individual practice rather than join a multi-doctor practice.

The dentistry community in West Michigan is relatively small, so Van Timmeren started putting out feelers with dentists and industry sales representatives to find those who might be ready to sell their practice. Rather than hang his own shingle and try to develop a practice and patient base, Van Timmeren looked to purchase an existing practice.

"As I was doing research, I realized it was not the best time to start a practice from scratch. The amount of time that it would take to develop into something where I could work there full-time was too long," Van Timmeren said. "It would have taken a long time to get to that point, and it is not a great time to find another associate position. It's hard if you're trying to piece things together while your practice takes off. I had to search for a while for my last couple of jobs, and didn't want to search for part-time associate-ships again."

As Van Timmeren searched on his own for a practice that met his needs, he sought out a CPA, lawyer and banker to help evaluate the businesses' strengths and build a business plan around the practice. Van Timmeren worked with a consultant, a dentist who helped him assess whether or not the practice would be a good fit for him, when he found Dr. Henry Texer's practice in Wyoming, who was looking to retire after 35 years in business.

"For the first four or five months, I did the research myself. When I had narrowed it down, I was looking at a few offices, and I hired a consultant who helped make sure we're looking at all the right things, and that it is a safe practice," Van Timmeren said.

For professionals reaching the end of their career and looking for an exit strategy, buyouts are a good option, explained Betsy Haller, VP and business banking officer at **The Bank of Holland**. Taking care to thoughtfully plan out the transition from one professional to another can mean fewer challenges for both the buyer and seller down the road. Haller helped Van Timmeren finance the purchase of the practice and said that the lessons in Van Timmeren's case would translate to other physicians' and attorneys' practices as well.

"This is typically their baby, they've spent a career building their practice and take the patient base very seriously," Haller said. "During the transitional base, the doctor will want to explain what is happening, why it is happening." **22** JUNE 7, 2010 • MiBiz

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Haller works on approximately four such buyout loans each year, and brings 18 years of experience in business lending, with the last eight at The Bank of Holland. The keys to successful transitions exist largely within the plan, Haller explained. By both doctors notifying patients and holding events such as a joint open house, it can reduce uncertainty for patients through the transition. Key, too, is keeping staff on to maintain consistency through the transition. Van Timmeren said he worked to familiarize himself with the staff, taking them out for dinner and bowling.

"It really was all about making the patients comfortable, letting them know (Texer) took a long time looking for the right person to take over the practice and looking into me," Van Timmeren said. "Changing doctors was not as big of a change as a change of staff would have been. If I'm happy with the staff, they'll be happy with me."

Purchasing an existing practice offered Van Timmeren a side benefit: 35 years of patient trends, business records and data.

"It might be a little bit harder to get financing (for my own practice)," Van Timmeren said. "There would not have been financial basis for purchasing the practice like I have now. The practice has been successful for 35 years and that was a lot of backup information that I could take to lenders. It made it much more comfortable for me to do it that way."

Haller said that Van Timmeren put together a strong team of professional advisors to make sure he was a good fit with Texer's practice, staff and patient base. Advisors will ask the tough questions and ensure that the buyer has a good grasp of the financing and how to grow the business.

"We definitely want to put questions in front of them and get them thinking about how they can grow the practice and expand the service," Haller said. "You want to make sure that working capital will cover payroll — you are looking at a threemonth cushion. It's a good cushion to cash flow things until they hit their stride."

Van Timmeren closed the sale of the practice in April and is looking at ways in which he can grow the practice. The transition for his 1,500 patients has been smooth, and he hopes to increase the number of patients and services in coming years. He'd like to eventually grow the practice to the point where he could take on another dentist — his wife is also an associate at another practice in West Michigan.

"I'm taking additional courses and hope to be doing clear Invisalign braces. Dr. Texer did a good job of staying on top of technology. If things are growing enough, I hope we can add my wife here at some point. There are a number of patients who want to see a female dentist, but that is just an option down the road. The biggest thing for us right now is to grow through patient referrals — internal referrals are the best growth strategy for us."