

Donald Trump And The Canadian Dental Marketplace
By Timothy A. Brown

Today is Wednesday, November 9, 2016. A mere **one** day after Donald Trump won the Presidency of the United States.

I have already received several inquiries from professionals in the United States who are considering emigrating to Canada. I am sure it is a knee-jerk reaction for many of them, but I am convinced that many Canadian-born dentists, who went to the United States to obtain their dental degree and decided to stay, are, now, a large part of the immigration application phenomenon.

As many of you know, the Canadian Immigration Agency website crashed last night. It is hard to say how many of the 10,000,000 people making inquiries will actually make the move, but I predict there will be many dentists planning a return to their Canadian roots. In addition to our four-year program, which graduates about 550 dentists every year and the sky-rocketing number of National Dental Examining Board (NDEB) graduates, we already have an adequate, if not an oversupply of, dentists in most of Canada. There are a few exceptions, mostly in the very rural and remote areas of the country.

Confidential sources have told me that there are upwards of 7,000 dentists somewhere in the world today that are studying and taking practice exams to challenge the NDEBs. My understanding is that they have three attempts at the exam, so even if they fail once or twice, they can still try a third time.

Another confidential source reveals that there are private NDEB study clubs, where they take multiple tests and practice exams in private locations for a substantial fee.

The bottom line is this:

- We have an adequate supply of dentists in Canada today.
- There is an increasing rate of foreign dentists obtaining a license, in addition to our traditional dental faculty graduates, plus a pending return of Canadian-born dentists who presently practice in the US.,
- The population: dentist ratio is going to get worse than it is today.
- The esteemed economic research house of RK House recently wrote in a report to the profession that there is a tragedy in the making and that the

dentist to population ratios are already very severe. This comment was made in 2014, roughly two years ago. I can only imagine what RK House would have to say today.

How does this impact the practice owner?

If you own a practice today and you have a loyal established patient base, the value of your patient base is going to go up. Basic supply and demand dictates that these dentists entering Canada need patients and with an adequate supply of dentists in most areas, they are prepared to pay a premium to attract and purchase your patient base. As such, practice values will continue to rise.

How does this affect the new graduate who is looking for an associate position?

Most practices already have an adequate supply of practicing owners and associates, so there will likely be a reduction in good income-producing associate positions for new dentists.

How does this affect the dentist who decides to establish and build a brand new practice from scratch?

Simple. There are not enough patients to go around currently. There are dental practices in just about every part of this nation, so a new start-up practice is going to become a higher financial risk. Traditionally, it takes 1-3 years for these practices to reach a break-even point. In the future, it will be 3-5 years to reach a break-even (B/E) point, which means the owner is working in other locations to supplement income and credit vehicles such as lines of credits to subsidize the practice while it continues to run at a loss until it reaches its B/E point. This adds substantial financial pressure on dentists who are setting up new practices.

The dynamic dental market in Canada today will be highly stimulated with climbing values of established practices and low interest rates (which may be impacted by US election). So, in the end the low cost of borrowing makes the purchase of an established practice a superior and an exceptional investment!

Please join me Saturdays at 5:00 p.m. on CFRB Newstalk 1010 to talk about buying and selling a business; 416-872-1010 or text 71010.

Timothy A. Brown is the CEO of ROI Corporation, Brokerage. His company provides a wide range of services for health care professionals, including practice sales and appraisals. He can be reached at timothy@roicorp.com or at 905.278.4145.