Abbott·Pratt
& ASSOCIATES

5 Initial Questions To Ask Yourself When Beginning the Process of Selling Your Practice

Question 1: Is my practice ready to be sold?

- When selling your practice, historical information will be used to determine the company's selling price (Valuation). Valuations typically include the most recent 2-3 yrs of past performance.
- By starting the conversation early, pre-planning allows you the time needed to ensure your adjusted EBITDA and cash flow present favorably to a prospective buyer.

Question 2: Who is my buyer?

- Do you have plans to sell internally to an associate, to a private buyer, or to a corporate buyer?
- Will you immediately sell 100%, or will the sale and ownership transition take place over a period of time?
- By identifying your potential buyer, you will be able to manage the scope of the transaction, properly identify the conversations that need to be had, and introductions that need to be made.

Question 3: What is my involvement with the practice post sale?

- Do you have plans to stay involved with the practice, see clients, and still perform surgeries? Or is a full retirement more of what you are after?
- Would the buyer of your practice be able to meet these needs?
- By outlining your expectations post sale, you will help to aide and minimize any potential feelings of seller's remorse.

Question 4: How will my practice be sold?

- In most instances, acquirers prefer to buy the company's assets vs. stock. Seeking advice on the asset allocation to ensure maximum tax savings is critical at this point.
- Will 100% of the proceeds be paid at closing, or are you taking back a promissory note from the buyer?
- For corporate acquisitions, is there an opportunity for stock rewards or earn outs, and if yes, what is the risk/reward vs. an all cash offer?

Question 5: When will the sale of my practice close?

- A January 1st sale of a practice could be one of the best times to sell your practice because you do not need to worry about the winter months when the work pace slows and cash flow is tightest.
- For tax purposes, the taxes due on the sale would not be due until the following April, which occurs 14 months later. This allows you to invest the tax money during this period.