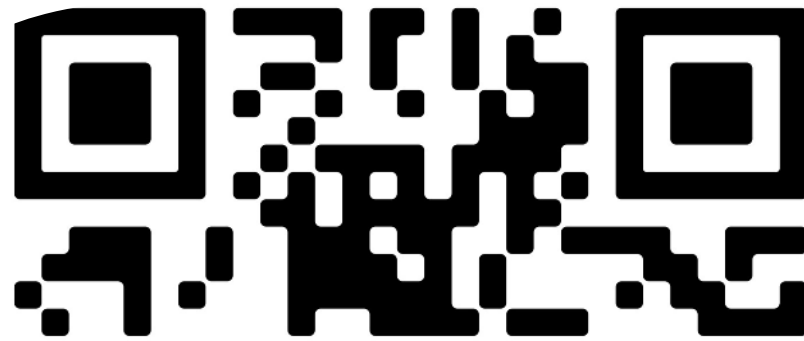


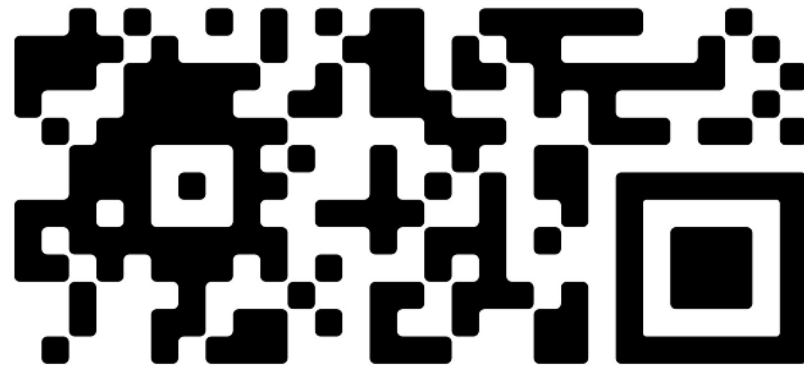
How to Sell a Private Practice

And Why Having an Exit
Strategy is Important





Joyce **Marter**



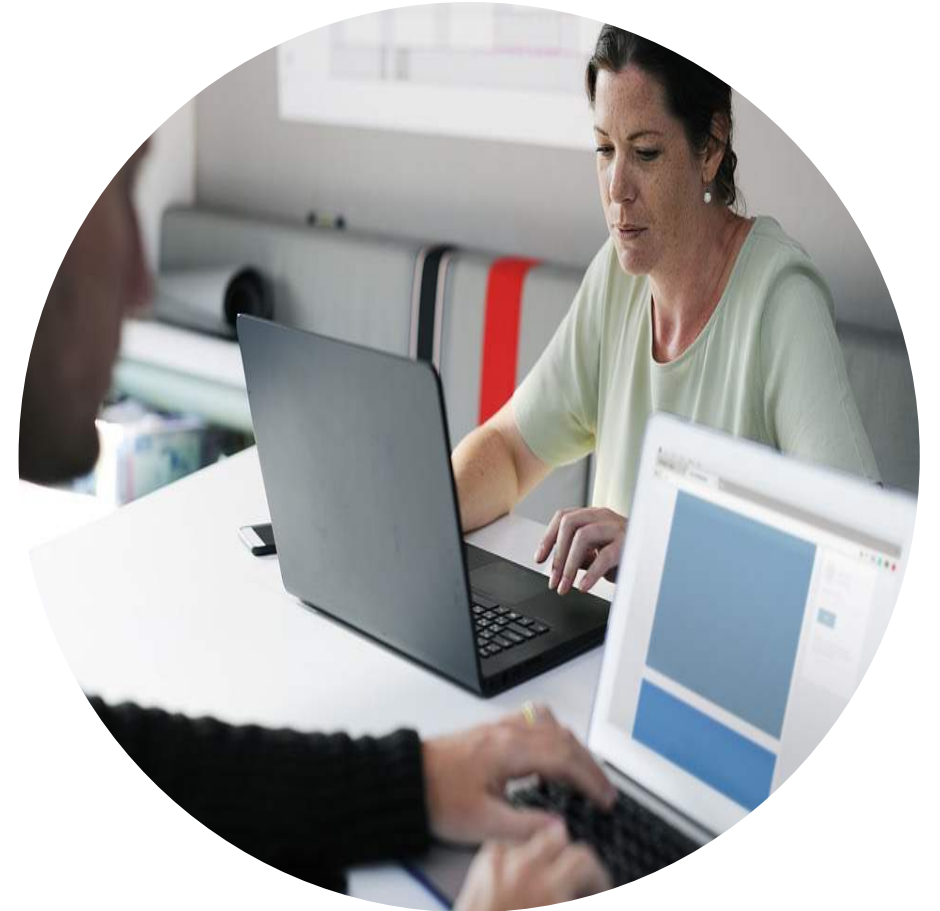
SCAN ME



My Journey

Why Is An Exit Plan Important?

- It takes time (sometimes years) to prepare your practice to sell.
- It's never too early to become informed about your choices.
- Sometimes the unexpected happens and it's best to be prepared rather than to make a "fire sale" out of urgency.



What if I have a Business Partner(s)?

- Have a Business Dissolution Agreement in place
- Have regular conversations about strategic planning including exit strategy
- Utilize advisors (attorney, CPA, coach, etc.)
- Think seriously about offering staff shares of the company



When is a Good Time to Sell?

- When your business is at a high point
- When you are starting to burn out
- When you feel industry change will negatively impact your business
- When you are ready for a change in your life or career



Why Do People Sell Their Practices?

- To reduce liability and responsibility
- To cash out and lower/eliminate risk
- To be freed to pursue other opportunities
- Relocation
- Unexpected health or personal issues
- Retirement or to have more work/life balance



Who Buys Mental Health Practices?

- Clinicians/staff
- Large practices
- Venture Capital firms
- Private Equity companies
- National provider organizations
- Employee Assistance Programs
- Insurance companies



Who can I discuss my sale with?

- Your business partner(s)
- Your advisors
- Trusted friends and family
- Prospective buyers in your network or who reach out to you
- Very trusted senior leadership (with caution)
- It is not recommended to tell staff or clients



Who Can Help Me with the Sale Process?

- Business Merger & Acquisitions Broker
- CPA experienced in business valuations and the due diligence process
- Mentor or coach who has been through a sale
- Trusted leadership staff within your organization



How Do I Find Out the Value of My Practice?

- Businesses are valued according to their EBITDA or “annual profit.”
- Your accountant/CPA will be able to provide a ballpark estimate after reviewing your tax returns.
- A formal business valuation is stronger confirmation of your practice’s worth
- Businesses often sell for anywhere from 1 to 10 times EBITDA



What are the factors that affect a business's value?

- 1** Gross and net earnings/profit margin
- 2** Quality of staff, staff retention, morale, and if they will stay if the owner sells
- 3** What's the value without the owner's compensation if they plan to leave after the sale

What are the factors that affect a business's value?

- 4 If there are good lease terms (price and length) and good office utilization
- 5 Strength of the referral streams (not coming from Talkspace, Headway, ZocDoc, or similar)
- 6 The number and quality of contracts/contracted rates with insurance companies, EAPs and other referral sources
- 7 If the branding goes beyond the owner's name as a recognized entity in the community

What are the factors that affect a business's value?

- 8 If the business is growing or declining
- 9 Compliance with professional, ethical and legal standards of practice
- 10 If you own assets such as equipment or commercial real estate
- 11 Web presence, Google rankings and online reviews

What are the factors that affect a business's value?

- 12** If you serve a niche market
- 13** If you provide specialty services
- 14** If you have systems and processes that would help the parent organization
- 15** If you personally are an asset and plan to stay on with your practice and/or the parent company

How Do I Choose the Right Buyer?

- Price
- Deal structure
 - Cash up front
 - Seller Note contingent on performance
 - Terms of the balance sheet/net of sale
 - Escrow
- Role after sale
- Plan for your staff
- Non-compete terms
- Transition process/timing
- Opportunity to invest in parent company
- Alignment with mission/fit



What if I'm not ready to retire or leave?

- Stay on as Executive or Clinical Director
- Stay on as staff therapist
- Work for the parent company
- Stay on as an investor in your practice or in the parent company
- Cultivate your next career or life plan
 - Career counseling or coaching



How long does it take to sell a practice?

- Selling takes a year on average
- For many, a thoughtful, strategic sale process can take longer
- It's possible to sell in 1-3 months if you need to, but you may short-change yourself



What is the process like?

1. Buyer submits an offer with a Letter of Intent
 - Price
 - Deal structure
 - Timing
2. Once that is signed you are under "exclusivity" and not allowed to talk to other buyers (under contract)
3. Due diligence (inspection)
 - Price can change or offer can be pulled



What is the process like?

4. Attorney Review
5. Closing
6. Transitional period
 - Note
 - Escrow



How does it feel to sell?

- Professional identity shift
- Work-life change
- More space and time
- Relief of responsibility, pressure and risk
- Life after sale



What can I do now if I am not ready to sell?

- Keep a list of people/organizations that reach out that want to buy your practice and stay in touch
- Improve your systems & processes to make sure they are ethically and legally sound as well as cost-effective
- Increase your profit margin
 - Consider the Profit First program
- Create an exit plan including:
 - Who can advise you through the process
 - Prospective buyers in your network





“GRAND PRIZE WINNER”

2023 Next Generation Indie Book Awards



“BEST IN SELF-HELP”

2023 Next Generation Indie Book Awards



“GOLD MEDAL WINNER”

*Readers' Favorite Book Reviews and Awards
Independent Publisher Book Awards
Global Book Awards*



“DYSINGER AWARD FOR OUTSTANDING PUBLICATION IN COUNSELING”

Illinois Counseling Association



“CATEGORY FINALIST”

The Eric Hoffer Book Awards!



“RUNNER-UP IN NON-FICTION”

San Francisco Book Festival



“HONORABLE MENTION - GENERAL NONFICTION”

*Southern California Book Festival
Hollywood Book Festival
New York Book Festival
London Book Awards
Los Angeles Book Festival
Paris Book Awards*



**Ready for
even more
resources?**
Scan here!



Thank You!

www.joyce-marter.com
joyce@joyce-marter.com



Joyce_Marter



Joyce Marter



Joyce.Marter



Joyce Marter



JoyceMarterLCPC



Joyce_Marter

Joyce Marter