

Traps To Avoid When Selling Your Practice

BY JACKIE JOACHIM

Recently I have met with a number of vendors who tried selling their clinics privately. These were not good experiences for a multitude of reasons. The number one reason people do this is to not only save commission but more importantly to try and keep the sale quiet. There is a definite fear that going to the market will mean EVERYONE will discover that your practice is for sale.

Ultimately, owners want to sell to the right buyer, a person who will treat their staff and patients well. In general, most buyers also want a smooth transition. After all, they have purchased your practice and want to ensure it succeeds.

However, when you open your practice to one or a selected group of potential buyers, there are risks associated. Some potential buyers can be quite crafty particularly when they start poking around your office. Most will often conduct the first bit of research before you even know he/she is interested in buying your practice. He/she may pose as a new patient calling for an appointment, visit your website or even come into your office to get a feel for things. This may cause staff to wonder if the clinic is for sale.

Without an experienced broker, you expose yourself and your practice to various pitfalls of a private buyer.


- Due diligence is a stressful time - to put it crudely, it is "the owner's proctology exam". Unfortunately, if you manage this process yourself, you will quickly find out what it feels like when a stranger pokes, prods, and looks inside every inch of your practice. You are asked to produce many documents and then, you need to answer questions as to your reasons for doing business the way you do.



- Using an advisor who is not familiar with the industry can also negatively impact your sale and stigmatize your practice. There are many times where our appraisal is used in a private sale. Buyers then call us to clarify certain points because the person representing the owner is not providing correct answers. I am definitely not insinuating that the individual is intentionally misleading but the reality is if you do not know the market by default, you will lose a potentially good purchaser.
- It is never good to have one person representing both the vendor and the buyer. Relationships are extremely important. However, when the party who is introducing you to the buyer will continue to have a relationship with that buyer post sale, it is natural that the advisor may push a little harder for the buyer's interests. This is exactly why we choose to represent vendors only. We believe you need someone in your corner fighting for you.

Selling a practice is not as straight forward as owners think. With the guidance of an experienced business broker, you will be challenged to take nothing for granted and look at the value of your clinic from

a variety of angles, some of which may not be top of mind for you. To ensure you receive the best possible outcome, you must ensure that when you sell, the practice is positioned in the best possible light and that the terms, which are important to you, are negotiated properly. I always tell owners not to let what may be the biggest transaction of your life turn into something you think will be "obvious" to a new owner based on a quiet and private sale. You deserve to maximize your sale, exit ownership with dignity and to have no regrets.

BOTTOM LINE: The author provides insights regarding selling a practice with the use of a practice sales representative/broker. 



Jackie Joachim

Jackie Joachim is the Chief Operating Officer of ROI Corporation, Brokerage. She can be reached at (888) 764.4145 or by email at jackie.joachim@roicorp.com.