



## Practice Ownership – Leaving a Legacy

Jim Stephenson, DVM, CBA – Simmons Northeast

Few people have the opportunity to leave a legacy as lasting as a veterinarian who has fulfilled their career as a practice owner. The essence of what they build can become integrated into the culture and history of their community, the surrounding veterinary community, and become a lasting source of pride and fulfillment for the owner and his family. Few things can as distinctly define your existence and contributions to the world you impacted. Leaving this legacy takes careful planning and implementation. You need to regularly assess the health of your practice throughout your career, plan and implement a strong exit strategy and not be afraid to ask for help from experts.

Leaving your practice in the right hands to carry on your legacy is not always such a simple proposition. Ideal target buyers, in the order of preference, are employed associates, individuals from the buyer market, or neighboring practice owners. Ongoing healthy practice growth and profitability expand your options. Advance planning to empower you to choose your desired outcome always increases your odds of success.

An exit strategy consultation five years prior to a target sale date will help you understand who your likely market will be, and how best to enhance the marketability towards your desired buyer. This approach will enable you to:

- Learn of the market of probable buyers
- Increase marketability towards your target buyer
- Enhance your profitability through identified opportunities or shortcomings

The third goal of enhancing profitability is key to getting a desirable price for your practice, and also for your practice's cash flow to allow the buyer to afford to purchase at that price.

Don't shy away from asking for help and building a team to help you reach that level of profitability you need and deserve.

What about the corporate purchaser?

All things being equal, it is doubtful that any departing practice owner would prefer an aggregator purchase their practice over a private veterinarian. In almost every instance a private buyer backed by ample financing is available to pay a fair price for your practice. However, under certain circumstances one can't deny that a sale to an aggregator may be the best outcome financially. If, for instance, your practice is of low profitability but is the right size and type, and in a target demographic for aggregators you may find in some instances an aggregator will pay the higher price.

If an aggregator purchase has become the option you are destined to go with, keep in mind there are multiple such entities, even beyond the ones that may have stacked your desk with solicitations. Making a hasty decision to go with one without knowledge of what the others might have to offer, could be a major financial misstep and also prove devastating to your legacy. Knowing who the aggregators are, what they will pay, and what culture they bring to the table will pay huge dividends. *Having a representative in your corner with knowledge of and immersion in the practice sale market will help you get the best outcome both financially and personally.*

In summary, to leave a lasting legacy and fulfill your financial needs when selling your practice, pursue the following strategies:

- Engage in an exit strategy consultation at least five years prior to the target sale date
- Build the profitability so your practice sale price will be equitable to both you and your target buyer
- Choose a private buyer
- If you find a corporate aggregator is going to be your best option, engage assistance from a practice sale professional to represent your interests

With proper planning and “an eye on the prize”, the veterinary practice owner can obtain financial security as well as leaving a lasting and positive legacy when they transition out of ownership.