

# EXIT STRATEGY

## Preparing your practice for sale

Selling a veterinary practice is often the largest financial transaction made during a doctor's lifetime and involves much more than just setting a price.

Helping owners develop and execute a well-thought exit strategy in advance of the anticipated time of sale is an integral aspect of the professional practice brokers of Simmons. Our goal is to help you transfer a practice of maximum value at a price that is fair and equitable to both the buyer and seller.

### 3 YEARS

Before putting your practice on the market

- Make time to write down your goals; develop a timeline; consider life after practice.
- Have a baseline practice valuation performed by a competent veterinary practice appraiser. Experience and credentials are critical.
- Identify areas where improvements can be made in profit and in salability.
- Manage for revenue and earnings growth.
- Consider hiring a practice consultant.
- Take note of any potential practice buyers.
- Take an active role in the practice; begin delegating management responsibilities to key staff.
- Set up emergency rotation or referral clinic (most buyers do not want to take after-hours calls).
- Make sure there are no environmental concerns having an environmental assessment done (buried gas tanks, X-ray chemicals, etc.).
- Resolve any real estate zoning compliance issues which might impact transfer.
- "Clean up" your financials. Report all income and don't include personal expenses on the practice books.
- Secure assignable, non-compete agreements with associates, if legally enforceable.
- Clean facility thoroughly, repair cosmetic damages, paint, landscape, etc.

### 1 YEAR

Before putting your practice on the market

- Replace, repair, or remove outdated and broken equipment.
- Ensure any facility lease has a life of at least 5 years, is renewable, and transferable.
- Check equipment leases for pre-payment penalties(usually, they are paid-off at closing). Consider buying, rather than leasing any equipment needed now.
- Examine your own financial needs following the sale. Work with a financial planner to ensure you can afford to sell at this time.
- Order a commercial real estate appraisal, survey, and review zoning compliance.
- Prepare practice records for buyer's review — financials, contracts, employee records, etc.
- Compile inventory and equipment lists.
- Have a building inspection done so deficiencies can be corrected prior to the time of selling.
- Have a competent broker or marketing expert review your practice and current market conditions.
- Update your website, any social media sites, and review comments on sites like Yelp.
- Review fees for any needed increases.