

## Selling Your Practice

Gary J. Rubenstein, DC

Having sold a practice and bought another practice, I have 10 years to look back upon both transactions, learning immensely from the experience and from pitfalls and positives of each of them. Many colleagues who knew of my experience have asked my opinion regarding the most important aspect of buying or selling a practice.

The focus here will be on selling a practice, but if you are considering buying one, this may help you get a fix on the seller's point of view. Obviously, there are many, many issues to be investigated when putting your practice up for sale. However, as you move forward in your sale keep one thought uppermost: know your buyer.

### Should I Hire A Broker?

I chose to hire a practice broker to market the sale of my practice. There are many brokers throughout the country. Some will broker nationwide while others only work in local regional areas. Some brokers sell all types of health care practices, not solely chiropractic practices. Brokers offer many services including marketing the sale, sending sellers prospective "leads" and some can actually help with financing. Some brokers require deposits that will be returned as part of the sale price upon settlement. Regardless, these brokers will be sending prospective buyers who may have agendas that differ from the seller even though they've been "pre-screened" by the broker.

Please note as well that each brokerage firm has its own set of rules for handling prospective buyers who may be sent your way. Once you hire a broker, you will be under contract. That contract may, in fact, direct you in how you handle the initial interview and contact with a prospective buyer. While some constraints may appear to be unwise with respect to the seller, they are placed in the contract for a reason, and should be followed.

Regardless of your broker, you'll want to develop a patient attitude during the time it takes to sell your practice. No matter what your mind tells you, there is a buyer for you. There will be a day when you do make the sale.

### Stay Positive and Focused

Let's cut to the chase right away. As a seller, please get off your high horse and come to grips with the fact that you want the buyer to be successful in what was once your practice. Why wouldn't you want this? Your patients deserve the best chiropractor, and you want the buyer to be the best for them. A situation where the buyer makes it clear that many wholesale changes will occur as soon as the transaction is done is destined for difficulty and possible failure.

Again, know the buyer's goals and immediate plans. Certainly the buyer has the right to do as they please once the practice is theirs but reality dictates that during the transition process, they should maintain a very close technical relationship to how the seller has practiced prior to the sale. Although change is always positive, wholesale immediate change during the transition of a selling practice may result in loss of patients. Again, both buyer and seller need to stretch for success

during the transition of the sale.

With respect to loss of patients during transition, some practice gurus and brokers have stated that up to 35 percent of existing patients will not stay with the new chiropractor. Is that true? Will this occur? I made it a point that regardless of statistics, I would never accept that kind of loss during the transition of my practice sale.

One big variable in keeping patients in your office is the remaining staff. It's human nature to notice differences. It's also human nature to make snap judgments. As the seller, once the sale of the practice becomes public knowledge, you have a responsibility to meet with staff, pointing out all those positive things you've learned about the new doctor.

Instead of fearing the transition, your chiropractic assistants should be positively molded to the fact that they have an opportunity to help further chiropractic to those people they already know and love - their patients. The focus should be on the excellent patient care your chiropractic assistants always give, and should continue to give, during the transition. Again, it's about the success of the buyer. It's about the patient. Even bigger, it's about the profession as a whole. Patients sense discord like a horse senses a fearful rider. Don't let that happen during transition of the practice sale. Keep it positive.

[pb]Stay or Go?

The seller truly needs to know and realize when it's time to go. There is a transitional period of time directly after the sale. It means exactly that. The practice will be transitioning from one owner to another, but for patients it means transitioning from one chiropractor to another.

Generally, transition periods after a settlement range from a few weeks to three months or so. We've all read sales pitches where we see that "the doctor will stay for smooth transition." When I purchased my new practice, it should have read something to the effect that "the doctor will stay forever." There will come a time when the buyer and the seller should be confident that all is working well and it's time to part. For some, it's sooner than later.

Transition times can be contractual or can be shortened or lengthened, depending upon the experience of the buyer. The transition is the time that you as the seller spends not only building a positive picture for your patients regarding the new owner, but also quietly and discretely educating the new owner to your practice style. There is a lot to learn about the practice from the point of view of the buyer. Regardless, there is a time when the seller must get out of the way.

The Money

It is usually the financial end of the sale that brings about the most anxiety for both buyer and seller. In some cases, such as the sale of my practice, financing became an issue for the buyer. In the long run, I decided to "hold the paper" on this buyer. I took a down payment and, together with an accountant, arrived at a payment schedule where monthly payments were made until the sale price was satisfied. May I say that this method is not efficient and is fraught with peril.

If you must utilize this form of agreement, it is imperative that you obtain a full credit report from the buyer. If the buyer is to have a co-signer on the agreement, you must obtain a full credit report on the co-signer as well. Failure to do this may be hazardous to your wealth. In addition, for those who must use this method of sale, the contract must contain language that holds all buying signers responsible under state statute where the sale took place. If a buyer or a co-signer refuses to give you permission to obtain a full credit report, find another buyer. It might be depressing. It might cost you more time. In the long run it will save you an amazing amount of money and angst.

The process of buying or selling is truly dependent on so many factors. Most issues can be easily resolved. Many buyers and sellers have little experience in this type of transaction and in some cases, don't even know the issues until they are deep into the process. Although the broker can guide both seller and buyer through the big issues of price and financing, smaller issues require timely investigation as well. The transition brings out some of those small issues. The biggest factor in my opinion remains the same. If you're the seller, know your buyer.