

Why 2013 May Be a Great Year for Chiropractic Buyer / Seller Transitions

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In the past 12 months, I have observed a significant increase in inquiries both from chiropractors looking to begin the move toward retirement and buyers wishing to purchase all or part of a practice at the start of their careers. Admittedly, with the rapidly changing model of health care, the uncertainty of how the political process will affect Medicare, the ever-present threat of post-payment audits and the onset of *ICD-10* looming in the headlights, the chiropractic landscape will definitely not be the same as it was 10 or 20 years ago. For some older docs, this is enough to stimulate thoughts of how they will transition out of chiropractic practice.

A second condition also contributes: Chiropractors are aging. A significant portion of our profession is made up of baby boomers who are moving closer toward retirement age. That means more chiropractors may consider selling their practice this year compared to last. And this trend will likely continue as the baby boomers continue to grey.

On the other side of the fence, there appears to be an increased appetite for chiropractic entrepreneurship among younger DCs. To their credit, many of these young doctors are much more savvy in the area of business than many of us "older" docs were at that point in our careers. Perhaps as a result, they look less favorably on a dead-end [associate position](#) and prefer to engage in discussions of ownership, partnership or profit-sharing much earlier in their careers than their predecessors.

This doesn't mean these younger DCs are looking to get into business with wild abandon; in fact, in many cases they leverage the experience of the older DCs, buy the practice and keep the former owners on as associates until they're ready to retire.

In the middle of the equation stand the lenders. Presently, bank interest rates are low and many in the financial industry think that the trend may remain this way for the next couple of years. As a result, lenders are competing to fund loans to help make up for the losses they incurred during the housing collapse.

What does that mean to the DC looking to buy or sell a practice? In many ways, conditions are ideal! The combination of the factors above makes selling or buying a chiropractic practice in 2013 look quite attractive. So, how does one take advantage of a good climate for buying or selling a chiropractic practice before the conditions change? Here are a few tips:

Tips For Sellers

Consider all of your options. Are you most interested in selling all of your practice and sailing into the sunset? Are you willing to stay for six months, a year or more and help your buyer? What about a role swap - the buyer purchases the practice and you stay on as associate to practice a few more years? How about bringing on a partner who will purchase some of your practice (25 percent, 50 percent, etc.) and allow you to slow down? There are many more options to successfully transition your practice than most chiropractors ever consider. Unfortunately, many DCs wait far too long to

begin planning and after awhile, the number of options begins to decrease. Plan now for your best possible results.

Invest in your team. Many chiropractors undervalue their team as a key part of their transition plan. Potential sellers need to remember that part of the value in your practice lies in the ability to successfully transition people and systems over to the buyer. If you leave and your staff leaves, there are no people left to help the new buyer navigate the transition. If you leave and the staff are poorly trained, then the buyer will inherit poor systems that won't help the practice succeed in your absence.

To remedy this, first consider how you are utilizing your team's skills. Many DCs have good people, but either they don't have them in the right spot or they don't know how to fully utilize their skills. Second, take a good, hard look at your [systems and procedures](#). Are they well-documented and transferable? Can a new employee step in and receive adequate training to master the job, to understand the mission of the practice and to excel as an employee - without *you* doing everything! If not, begin to put those systems in place and you will vastly increase the attractiveness of your practice to a buyer.

Build value now. There is no time like the present to get some intense activity going to build practice value. Unfortunately, most DCs sell when they are totally worn out and the practice numbers reflect that. If you can show positive trends in terms of collections, patient visit, new patients - just about anything - your practice will stand out from the crowd. So, take a good look at what you've let slide over the past several years and take hold of the reins again to maximize your sale value.

Tips for Buyers

Prioritize. Most buyers should spend more time prioritizing their goals before jumping into practice (of any kind). I get a fair share of e-mails from young docs asking for advice about buying or starting a practice. All of these young DCs want to succeed, but many have no concrete plans for doing so. For example, they plan to start a practice from scratch in their hometown, but they can't explain any significant business reasons for why they'd want to do that, especially in light of the fact that there are 333 chiropractors in their town with a population of 3,330. Similarly, other DCs are interested in [buying a practice](#), but they have no way of prioritizing what practice may suit them best.

Finding a practice where you want to live may be one criteria, but you should employ others and weigh their importance appropriately. You may be located where you want, but if you are strictly an instrument-adjusting doc and buy a classic Gonstead-style practice, patients may not be amenable to the change. If they leave, your place of residence just got really expensive because your income became rather small.

Take your time. Many buyers are frustrated associates looking for the first chance to leap. Some have already burned their bridges and need to find another opportunity quickly. Neither of these scenarios makes for a good practice-finding experience.

Case in point: I had two young docs contact me after attending one of my billing, coding and documentation seminars. Both of these DCs were smart and knew that they just didn't know enough about how to get paid to start their own practice from scratch. Both docs e-mailed me to see if I had a list of practices for sale or if any of my clients were selling. I put both docs on my "Transitions" list, which is comprised of docs wanting to sell and docs interested in buying.

Doctor A was convinced he had to buy a practice immediately; as soon as he saw a practice for sale in his town, he made an offer and ultimately, purchased the practice. Unfortunately, the practice was just not right for him in any way - except he liked the town that it was in. On the other hand, Doctor B waited for about eight months and then found his ideal opportunity. One year later, Dr. A is miserable and his practice is mediocre. Dr. B is elated and his practice is excelling.

Physician, know thyself! Yes, *you* are another major consideration when purchasing a practice. Do you want to take a practice that's in decline, purchase it at a bargain and build it up with sweat equity? Or are you the type that wants to step into a well-oiled machine and get paid accordingly? Well, you should be prepared to pay more for such a practice. Do you envision yourself in a mostly cash practice because you can't stand paperwork? Or are you willing to navigate insurance for the opportunity it affords? Be honest with yourself and consider how you are wired and what conditions most excite you, so you are prepared for the practice you purchase.

The Take-Home

Doctor, our profession needs happy, successful transitions from both sides of the fence. Sellers need to feel that they were paid a fair price for their practice and their efforts in chiropractic, so they can exit with dignity and the esteem of their patients and many years of hard work. Buyers need to know that they too paid a fair price and are well-positioned for the future. The success of both sides of this equation requires *planning*.

I have had the good fortune of transitioning many doctors in buying / selling a practice. The bottom line is, the better your practice is for you, the better it will be for your buyer. And the more a buyer invests in finding a good practice, the better it will be for them and our profession. Unhappy doctors retain few happy patients.

Finally, this may be the best year ever to pursue your transition - from either side of the fence. But the bulk of the opportunity is up to you. So plan to prosper.

If you would like a list of additional suggestions on how sellers can maximize their sale or tips on how buyers can save money on a practice sale, send me an e-mail at transitions@strategiccdc.com, letting me know you read this article in *Dynamic Chiropractic* and which tips you'd like to receive (sellers or buyers).

JANUARY 2013