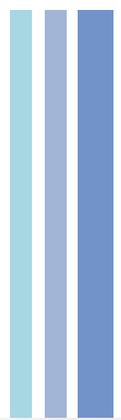




Young Successful Dentist Sells Business and Retires Early to Montana



1) Introduction

We first met Dr. B while he was running his first dental practice in Austin. A West Point graduate, Dr. B was a hard-working doctor who had built his practice from the ground up. Over the next seven years, that single practice grew to include nine locations. During that time, Practice Real Estate Group handled the site selection and lease negotiations during his growth, including selling two locations that did not fit in line with Dr. B's long-term goals. After achieving significant success with his business, Dr. B worked with Practice Transitions Group to explore selling his seven remaining practices.

2) Challenge

Dr. B's practices were a tight-knit family operation that included his mother, stepfather, and a classmate from West Point serving as his COO. Although the practice was doing well, the business was not as profitable as it could have been. Dr. B had substantial debt to pay as well as a personal obligation to provide for his family members. His vision was to sell his business for at least \$9 million and retire early.



3) Our Approach

Practice Transitions Group developed a marketing package that established competitive bidding between potential buyers with a keen interest in Dr. B's portfolio. We gathered information from all the office locations with an eye toward restructuring the business for the future. By presenting the total value of Dr. B's practice to potential buyers, we sought to increase the valuation of the package to attract the perfect buyer who would appreciate the growth opportunity.

We knew that private equity-backed groups with experience operating similar locations would see what Dr. B had done as a family-owned business. They visualized the success they could have with these locations due to their resources and experience. We pitched the sale as a valuable opportunity from which greater growth could be achieved in the future to a buyer with the right means to expand on Dr. B's achievement.



▶ We marketed the practices to 15+ strategic buyers in order to identify the top 2 - 4 that would find the practices most valuable.

4) Roadblocks

The first obstacle we cleared was packaging seven practices into a format to present to potential buyers. Figuring out the right valuation was only the first step. We then had to convince buyers to come to the table with an amount to satisfy Dr. B's expectations. This required a significant amount of research and analysis to position his practice for more than the initial offers.

As a family-run operation with a complex set of obligations to family members, we approached the entire process confidentially without anyone within the company knowing about the sale. Our team carefully put together the package to seamlessly transition the business while protecting Dr. B's objectives up until the day of the closing.

Working with private equity backed buyers requires overcoming objections and working with major accounting firms who require a quality of earnings report. We were prepared to push back on low offers or negotiation tactics to devalue Dr. B's practice. We also guided Dr. B through the entire process so that his expectations were met once the sale was complete.

5) Solution

Practice Transitions Group built a marketing package showing the current state of the practices as well as what the practices could be in the future. We took the package and marketed the practices to 15+ strategic buyers in order to identify the top 2 to 4 that would find the practices most valuable due to the practices potential. We had to create competition to maximize value.

6) Results

We received bids from 5 buyers on the practices ranging from \$6MM to \$10MM. In May 2019, Dr. B was able to sell his practice for upwards of \$10 million, which was far higher than the initial offers and Dr. B's original goal. Today the practice is still going strong, and Dr. B was able to personally walk away from the sale with over \$7 million. At 43, Dr. B now enjoys his retirement in Montana with plenty of income to sustain the life he's always dreamed of.

Call us at (512) 761-7101 or send us an email at info@practicetransitionsgroup.com to explore your healthcare real estate needs.