



## PRACTICE TRANSITIONS

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### CLIENT CASE STUDY

# PTG finds Med Spa Partners to Unlock Dreams for Power Couple

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## THE CLIENT

Dr. S, an ER doctor turned MedSpa founder, successfully started and managed her MedSpa business in Florida for 17 years. Known for her passion as an aesthetics trainer, Dr. S held herself and her team to the highest standards and provided significant support. The Tampa area also sought Dr. S out as an injector; she produced over \$1MM annually in injections. So, it came as no surprise to her clients or friends when she decided to expand to two locations in 2021. The expansion was a dream she had talked about with her partner for years - the second location would be a step toward their big goal of 10 MedSpas in their region. big players.

Dr. S and her partner also worked together. He served the MedSpa as an operational consultant and location manager. Together, they watched every dollar that came in and every dollar that went out. They negotiated every vendor contract, and over time built up a profit margin rarely seen in the MedSpa industry.

As such, they experienced significant interest from buyers. With an attractive practice in an attractive market, Dr. S checked all the boxes and was being courted by the big players.

## THE PROBLEM

Since Dr. S and her partner were both extremely money-conscious and attracting sophisticated buyers, they never considered hiring a broker to sell their business because of the associated fees. Why spend money on a broker if we're already getting interest, they wondered?

Additionally, they had already received several unsolicited offers from private equity-backed med spa partners and believed they could manage the process themselves. How hard could it be? they reasoned, looking at the jaw-dropping headline values buyers were throwing their way. However, as they began to have conversations on their own, they realized the complexity of a partnership transaction and the potential to leave significant value on the table.

## OUR APPROACH

A mutual colleague introduced Dr. S to Practice Transitions Group (PTG). PTG focused on creating a comprehensive strategy that maximized valuation and ensured a cultural fit with potential med spa partners. In addition, PTG marketed Dr. S's and her partner's talents and strengths. After getting to know each of them, PTG promoted Dr. S's expertise in clinical excellence and training. PTG also highlighted her partner's leadership and operational skills, and desire to stay with the MedSpa. Together, these passions and competencies were key selling points.

## RESULTS

Dr. S and her husband achieved a top-of-market deal with a compensation package tailored to their strengths and passions. PTG exceeded their expectations by two million dollars, securing a higher valuation and better terms than they could have achieved on their own. PTG negotiated terms for them that they didn't even know were up for discussion, including equity type, their non-competes, and their compensation packages.

The partner PTG found them also aligned with their growth aspirations. Dr. S and her partner always wanted to expand to more locations. Now, they're doing what they always wanted to do with an excellent partner to provide the capital and sophistication they dreamed about.

## CHALLENGES

During the negotiation process, PTG encountered regulatory hurdles related to Florida's medical director requirements. Dr. S initially hoped to oversee all of the regional locations for her new partner, but regulatory restrictions limited her to two locations. One of the reasons she wanted to partner in the first place was to expand her impact. The regulatory restrictions dashed her dreams of continuing to lead and train injectors in her area.

In addition, the new partner planned on being able to leverage Dr. S's experience and knowledge across what they were hoping to be many more locations. Now, they worried they would have to hire multiple new employees to cover the territory.

## THE SOLUTION

PTG addressed the regulatory issues by leveraging Dr. S's professional network. Together, they found a connection to step in as medical director. In addition, Dr. S was able to get the certification she needed with minimized delays. Finally, PTG was able to negotiate the financial terms of the deal. PTG negotiated 70% cash and 30% equity for Dr. S with no earn-out. The team negotiated an incredible compensation package that will allow Dr. S to focus on clinical excellence and training. PTG also negotiated a role for her partner; he will support regional growth as the official director of operations.

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