



# PRACTICE TRANSITIONS

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## CLIENT CASE STUDY

### From "Can't Be Done" to "Dream Deal": How A MedSpa Owner Got \$2M More at Closing

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#### RETIREMENT-READY BUT SKEPTICAL OF BETTER OPTIONS

Dr. S, an experienced ER physician, and Mrs. S had built a thriving MedSpa in a secondary market for over 20 years. As true pioneers in the aesthetics industry, they established themselves as respected providers of advanced laser treatments, hormone therapies, and cutting-edge skincare solutions.

*"I spent years flying across the country, learning directly from the pioneers in aesthetics when this industry was just beginning," reflects Dr. S. "We built something unique here, combining my medical background with cutting-edge treatments. It wasn't just a business, it was our legacy."*

"Dr. S was calling experts in New York and flying across the country to learn from industry pioneers before many of these treatments were widely known," notes Lauren Wheeler, Senior M&A Advisor at Practice Transitions Group. "He brought all that expertise back to his community and created something special."

*Despite their passion for the business, the couple was ready to enjoy more time traveling and at their second home in the mountains. They had already received an offer from a potential buyer that seemed reasonable – about \$3 million in cash at closing.*

*"I honestly thought there was no way we could get a better deal," admits Dr. S. "When Lauren suggested we could not only improve the terms but get significantly more cash at closing, I was extremely skeptical. I remember thinking, 'How could they possibly justify their fee?'"*

#### CREATING A COMPETITIVE MARKET TO MAXIMIZE VALUE

Mrs. S took over management of the practice in 2013. Under her watchful eye, the MedSpa thrived financially. She was exceptionally detail-oriented, knowing every aspect of the business "down to the penny."





"I've always prided myself on running a tight ship," says Mrs. S. "I know exactly what's happening in our business at any given moment. But selling a practice is completely different—there are so many moving parts and specialized knowledge required."

Noah, a PTG analyst who supported the transaction, observed: "Mrs. S knew her business incredibly well. When you asked a question, she either knew the answer immediately or knew exactly who could get it. That organization was essential, but even she benefited from having a 'translator' during complex negotiations."

Despite her business acumen, even Mrs. S recognized the limitations of handling a practice sale independently. Lauren met with the couple at their home, reviewed their existing offer, and outlined how the PTG experience could deliver a better outcome.

"I told them, 'Here's what your offer should look like – you should be getting a higher percentage of cash at close, you should be getting a better multiple, and you should let us underwrite your EBITDA, not the buyer,'" recalls Lauren. The PTG team's approach included:

1. Taking the practice to market to create competition among qualified buyers
2. Properly analyzing and presenting the practice's financial performance
3. Leveraging real-time market knowledge of which buyers had growth targets in secondary markets
4. Structuring terms aligned with the sellers' lifestyle goals

## THE RESULTS: A NEARLY 2 MILLION HIGHER VALUATION, TAILORED TERMS

Through PTG's process, the practice received multiple offers significantly higher than the original offer. The final agreement included:

- \$1 million more in cash at closing than the original offer
- A nearly \$2 million higher overall valuation
- Reduced commitment period from 5 years to 2 years
- A 5-year medical director agreement with above-market compensation
- Flexible non-compete terms allowing Dr. S greater freedom
- EBITDA growth bonus structure to reward continued involvement

"The difference in outcomes was staggering," Mrs. S reflects. "Not only did we receive substantially more for what we'd built, but the structure of the deal actually aligned with how we wanted to live our lives going forward."

"I was wrong to be skeptical," Dr. S admits.

"Practice Transitions Group transformed what would have been a good deal into an exceptional one. The value they added far exceeded their fee."

"Not only did we get them a million dollars more, but we negotiated their dream deal," explains Lauren. "Dr. S still gets to research new service lines and stay involved with the aspects he enjoys without the full ownership responsibilities."

## KEY TAKEAWAYS FOR MEDSPA OWNERS

- **Market Knowledge Matters:** "MedSpa owners don't have real-time market knowledge like we do," explains Lauren. "Different buyers value different aspects of your business, and knowing who wants what is crucial to maximizing your sale."
- **Value Beyond the Price:** The best transactions align with your lifestyle goals. For Dr. and Mrs. S, reducing the commitment period and securing favorable terms for their next chapter were as important as the higher price.

- **Expert Navigation Pays For Itself:** Despite initial skepticism about advisory fees, the final result delivered an additional \$1 million at closing, far exceeding the cost of professional representation.
- **Emotional Support Through Complexity:** Even the most business-savvy owners benefit from having experts who can translate complex terms and keep negotiations on track when emotions rise.

## RESULTS

"Even with decades of business experience, we couldn't have navigated this process alone," reflects Mrs. S. "The emotional aspects of selling something you've built from nothing are overwhelming at times. Having experts who understood both the financial and emotional elements was invaluable."

"To other MedSpa owners considering a sale, I'd say this: don't underestimate the complexity of the process or the value of professional guidance," adds Dr. S. "This was the biggest transaction of our lives, and having the right team made all the difference."

*Note: Details have been anonymized to protect client confidentiality.*

Beyond obtaining the best financial outcome, we are committed to ensuring the long-term success and legacy of each practice we work with. We approach every transaction with a genuine desire to understand our client's goals, crafting deals that align with their vision for the future. Then, we lead all aspects of the sale or partnership. With a team that combines expertise in financial analysis, marketing strategies, and sell-side negotiations, we execute successful, profitable transactions for our clients.