



# PRACTICE TRANSITIONS

## CLIENT CASE STUDY

### "I Had Two Offers, But When I Really Looked at the Numbers, Something Didn't Add Up": How PTG Helped This MedSpa Owner Maximize Her Financial Outcome

#### THE CHALLENGE: COMPETING OFFERS WITH HIDDEN ASSUMPTIONS

Dr. N built a successful multi-location MedSpa in California and Colorado. After working with another advisor, she negotiated offers from two different groups. But when she looked at the financial projections, something felt off.

*"I had two offers on the table, but when I really looked at the numbers, something didn't add up," Dr. N recalls. "One group kept talking about these amazing projected returns, but I couldn't tell if their assumptions were realistic or just wishful thinking. I needed someone to help me."*

#### THE PTG FINANCIAL ANALYSIS PROCESS

Rather than accepting the headline numbers at face value, PTG's team conducted a comprehensive financial analysis to understand what Dr. N's real outcomes would be.

##### Stress-Testing the Financial Models

PTG created detailed financial models comparing both offers under multiple scenarios. One group was projecting aggressive 4x returns on their recap, but PTG's analysis revealed potential risks in those projections.

"We analyzed every assumption in their models," explains Lauren Wheeler, PTG's Senior M&A Advisor. "When you're evaluating equity rollover deals, you need to stress-test the projections and understand what happens if things don't go according to plan."

The analysis showed that if the aggressive returns didn't materialize, the other buyer would actually deliver better outcomes with more conservative but realistic assumptions.

### **Creating Competitive Pressure**

While analyzing the existing offers, PTG also reached out to additional qualified buyers to create a more competitive environment. This wasn't just about getting more offers; it was about establishing true market value.

"Having multiple serious buyers completely changed the dynamic," Lauren notes. "Suddenly, both original groups had to sharpen their pencils and compete not just on multiples, but on deal structure and terms."

### **Uncovering Hidden Value Through Add-Backs**

During the financial analysis, PTG discovered revenue discrepancies between Dr. N's aesthetic records and financial statements that were depressing her apparent EBITDA.

"During the Quality of Earnings review, there was a revenue discrepancy that could have cost her significantly," Lauren recalls. "I spent my family vacation working through the details to recover that revenue and protect her final valuation."

The team identified legitimate add-backs and adjustments that painted a more accurate picture of the practice's true earning potential.

## **THE FINANCIAL OUTCOME**

- PTG's comprehensive financial approach delivered measurable results:
- Higher total valuation: Final deal exceeded initial offer multiples on properly adjusted earnings
- More cash at closing: Even after PTG's fee, Dr. N received substantially more upfront cash
- Realistic equity projections: Conservative modeling showed achievable returns rather than pie-in-the-sky promises
- Protected against revenue adjustments: Thorough documentation prevented post-LOI valuation reductions

### **The Numbers Impact**

During the engagement period, Dr. N's practice performance also strengthened significantly. Combined with PTG's financial analysis and competitive process, the final transaction value substantially exceeded her original offers.

"I was right about the growth potential, but I never could have navigated all those financial models and competing projections on my own," Dr. N reflects. "Lauren broke down every assumption and showed me exactly what each scenario would mean for my family's future."



## WHAT THIS MEANS FOR MEDSPA OWNERS

- **Don't Accept Financial Projections at Face Value:** Many buyers use optimistic projections to make their equity component look more attractive. Stress-testing these assumptions can reveal significant differences in real outcomes.
- **Competition Drives Better Terms:** A single offer, no matter how attractive, rarely represents true market value. Creating competitive tension often results in improved financial terms across the board.

- **Financial Analysis Pays for Itself:** The revenue recovery and EBITDA optimization alone often exceed advisory fees, not counting the improved terms from competitive pressure.

## THE BOTTOM LINE

"I thought I understood the financial side because I'd been looking at these offers for months," Dr. N admits. "But there were so many layers I was missing. Having someone who really understands the financial modeling made the difference between a good deal and a great deal."

Today, Dr. N's financial outcome exceeded her expectations, providing both immediate cash flow improvement and realistic long-term equity upside.

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 clients' 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.

