CLIENT CASE STUDY

# "You can’t navigate what you can’t control..."

## How PTG helped this MedSpa owner wrestle control through months of complications

### READY TO RETIRE

Dr. Foster built her MedSpa for more than a decade into a four-location business. Clients paid monthly for regular facials through a membership model, creating predictable revenue across all locations. By early 2025, she and her husband, John, were ready to retire.

After receiving a mailer, she reached out to Practice Transitions Group (PTG). Lauren Wheeler reviewed the financials and saw a solid business with some challenges. The MedSpa generated good revenue, but it had no injectable services, which would limit the valuation multiple. On top of that, one of the four locations wasn't profitable.

Dr. Foster decided to close the unprofitable location before going to market. The move made financial sense, but it meant her revenue would drop on paper right as she was preparing to sell. Lauren and the PTG team worked through forecasts that accounted for the closure, demonstrating to buyers how the MedSpa would actually be stronger without the unprofitable location despite the revenue decline. They went to market.

### THE FIRST OFFER, THEN THE SCHISM

Interest came quickly, but with the deal’s couple of caveats, the buyer pool was limited. An LOI came in from a group of four equity partners starting their own platform. The partners saw what other buyers missed - a loyal client base with recurring monthly revenue getting injectable services somewhere else. The foundation was there, even without injectables yet.

Just a few months later, right as they were wrapping up Quality of Earnings, the four equity partners had a compensation dispute. The group split. Two of the partners reached out to Lauren directly to say they were leaving to start their own firm and still wanted the MedSpa. They also had a warning - the two partners staying with the original firm would likely try to negotiate the price down.

Dr. Foster and John had been under contract for months. Their buyer had just imploded. They needed to decide whether to trust these new buyers or walk away. She later told Lauren what it meant to have her through it all: "You were the only person I could vent to about this. I can't stress out my husband about money. I can't talk to other people because it's confidential."

Lauren spent two weeks working through the situation with them - evaluating the new partners, assessing the risk, weighing their options. The two partners who left came back with better terms than the original offer. Lauren negotiated a deposit from them before moving forward, giving Dr. Foster protection if things fell apart again. They moved forward with the new buyers.

While managing the buyer transition, Dr. Foster skipped the annual promotion that normally drove significant revenue and new memberships. She didn't want to increase the deferred revenue balance on the books while trying to close. The decision backfired. Revenue dropped, and the decline showed up in Quality of Earnings right when the new buyers were evaluating the financials. Lauren had to help the buyers understand the story behind the data to alleviate their concerns.

## LANDLORD APPROVALS

Three locations meant three landlord approvals to assign the leases to the new buyers. Only one lease included standard language that the landlord wouldn't unreasonably withhold consent. The others had no such protection - and in factone location had a national grocery chain as an anchor tenant with approval rights written into its lease. Getting corporate approval from a large company for a small tenant's lease assignment took months.

Lauren called landlords weekly, following up, moving the approvals forward. The scheduled close date passed. Then another. Dr. Foster and her husband watched third parties with no urgency control their timeline.

## THE BANK

Meanwhile, the buyers were financing the purchase with an SBA loan, using personal funds plus friends and family capital. The SBA loan meant navigating a federal lending process with extensive documentation requirements.

A government shutdown stopped progress. When the government reopened, the bank's closing team moved slowly. Documents sat unprocessed. Deadlines passed.

The landlord approvals were trickling in, but now the bank had become the bottleneck. Dr. Foster and John needed to close before the end of the tax year. Lauren escalated. She reached out to the bank's leadership and stayed in constant contact with the team, checking in multiple times daily. She kept pressure on the bank to move the process forward.

## MEMBERSHIP REVENUE

While managing the bank delays, Lauren worked on another negotiation point. The MedSpa's membership model - clients paying monthly for regular facials - meant significant prepaid balances accumulated, around $600,000 total. Buyers typically subtract the full amount from the purchase price, reasoning that clients could show up after closing to redeem those balances without the new owner generating any revenue.

Lauren and the PTG team analyzed the redemption patterns over time. Most clients wouldn't actually redeem those balances. Instead of subtracting $600,000 from the purchase price, the buyer agreed to subtract only $130,000.

## THE FINAL PUSH

The deferred revenue win improved the terms, but Dr. Foster and John were still watching the calendar. They had days left before the end of the tax year. The landlord approvals were still coming in. The bank was still processing documents.

Then the pieces came together. The final landlord approval came through. Lauren's pressure on the bank worked - they pushed the final documents through. The deal closed with days to spare.

PTG sold Dr. Foster's MedSpa for $4.1 million total. After closing, the buyers added injectable services. Dr. Foster stayed involved to help build that revenue, with the ongoing compensation PTG had negotiated for her.

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