

U N D E R S T A N D I N G  
C L I N I C

**V A L U E**



**progressivepractice sales**  
smart strategies for selling your biggest investment

A photograph of a business meeting. In the foreground, a person's hands are shaking over a desk. On the desk, there are papers, a pen, and a pair of glasses. In the background, other people in business attire are visible, and the scene is lit with warm, golden light, suggesting a bright window or lamp. The overall atmosphere is professional and collaborative.

How are clinics valued?

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# STEP ONE

## DETERMINE SELLER'S DISCRETIONARY EARNINGS (SDE)

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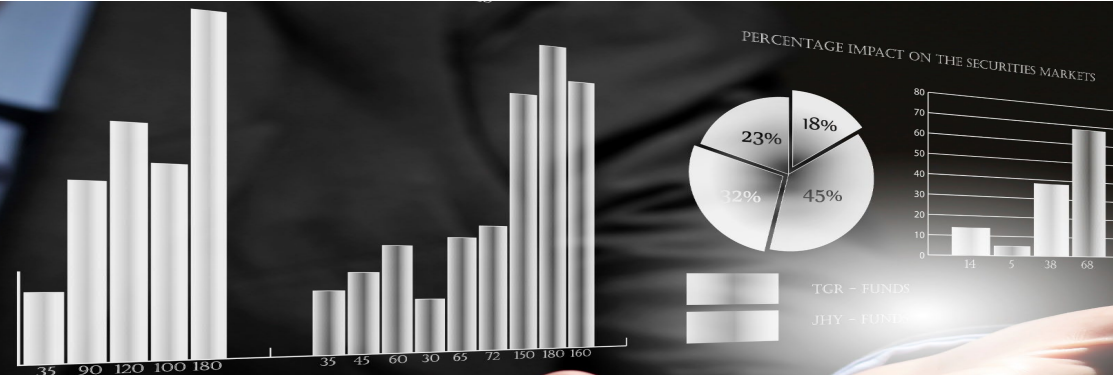
SDE =

Original Net    +    Owner    +    Non-Transferable    +    Non-Cash  
Income            Benefits            Expenses            Expenses

# STEP TWO

## EVALUATE TRENDS

IN PATIENT VISITS, BILLINGS, + COLLECTIONS



# STEP THREE

## REVIEW COMPARABLE SALES

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TO DETERMINE THE RANGE OF APPROPRIATE MULTIPLES



# STEP FOUR

## EVALUATE CLINIC'S VALUE DRIVERS

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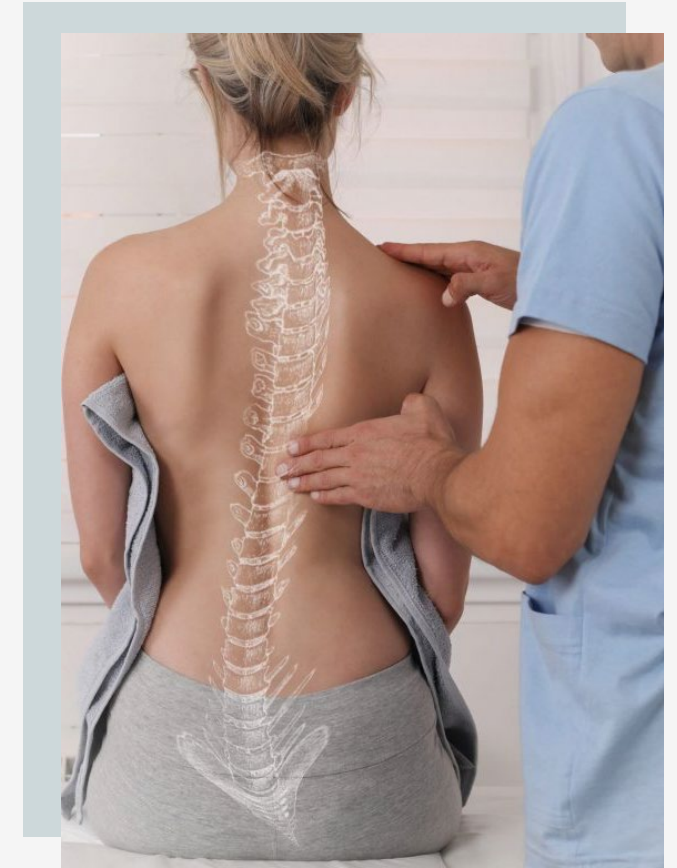




Primary <u>Value</u> Drivers	Secondary <u>Marketing</u> Benefits
Sellers Discretionary Earning	Years in location
Location	Gross Collections
Growth Pattern	Past Performance (outside of the most current 3 years)
Transferability	Long-term staff
Type of Buyer	Community Reputation

# Exit Strategy Planning is Key to Maximize Value

- Three-years of preparation
- Focus on transparency
- Sell when clinic is in a growth cycle
- Understand that the market sets the value
- Make plans that allow for flexibility



A professional business meeting in a modern office setting. A man in a dark suit is shaking hands with a man in a light blue shirt across a glass conference table. A woman in a dark blazer is smiling and looking towards the man in the dark suit. In the background, another woman in a dark dress is standing. The table has papers, pens, and glasses of water. The scene is overlaid with a semi-transparent dark blue filter.

# Strategies to Implement for Maximum Value

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# Clean Up Your Financial Statements

- Most critical step to be bankable – and sellable
- Messy financials build distrust in buyer-  
Professionally prepared financials are key to a successful sale
- Eliminate any comingled accounts
- Tax returns are the basis of your sale
- Switch from “hide the money” to “show the money”
- Pay now or pay later – talk to your CPA to strategize
- Report your cash collections to show a strong income

- Reduce + move your addbacks
  - Not all addbacks are useable
  - Excessive addbacks build distrust
  - Yes :: family wages, travel and entertainment, training and professional development)
  - No :: marketing, supplies, supplements, office expense
- Need clear explanations for revenue + expense decreases or increases





# Clean Up Your Practice Stats

- Collections in software should basically match financial statements
- Record new patients + patient visits so can provide accurate Patient Visit Average and Case Average
- % of therapies performed on each patient
- % of collections by different providers or niche techniques
  - If this is high, consider integrating a more mainstream practice model to enlarge marketplace of potential buyers

# Start Marketing Again

- Referrals are less transferable
- Get a website if you don't have one
- Change your practice name if it is named after you
  - Location based is optimal
  - More transferable name, domain and signage = more value
- Invest in scalable marketing where additional funds can easily grow practice
- Build organic search presence through SEO + online reviews
  - Ask patients to focus reviews on practice and not doctor





# Lower Your Overhead

- Buyers are very risk averse
- Overstaffed clinics are problematic
  - Buyers don't want to fire anyone
  - Banks don't like to see over 30% of revenue going to staff wages
- Associates are not overhead expenses, they are addbacks



- Move or cross-train doctor + spouse duties onto other employees
- If key employees are retirement age consider bringing in younger employee or outsourcing

## Staff



- Update key equipment
  - Modern equipment is important to buyers + can sway a buyer towards your clinic - but recognize you may not recoup entire investment per bank funding standards
  - Young buyer may not be able to assume the lease
- Convert to EHR system
- Simplify, systematize and create training manuals for each position
- Find the places clinic is personality driven and make it more systems driven
  - Script out report of findings + financial consultation
  - 'Doctor as expert' based marketing
  - Web presence and reviews



## Updating Your Clinic

- Every buyer who sees your clinic asks themselves “is this something I would be proud to own?” + “does this clinic reflect how I see myself”
- Take pictures to see your clinic with fresh eyes
- Fixing up the clinic + equipment is just one more thing an overwhelmed buyer will have to do – ‘maybe something newer will come on the market’



## Declutter + Freshen



- Invest in the look and feel of your clinic
  - Fresh paint
  - New or professionally cleaned flooring
  - Replace very old or dated wall posters with more current art
  - Repair or replace anything tattered, torn, aged or dated
  - At a minimum invest in a welcoming entrance: oversized potted plants at your door and fresh paint + current décor in the reception area
  - Declutter – no one wants to buy your mess
- The “feel” of a clinic can be the deciding factor to sway a buyer to one clinic vs another

V A L U A T I O N

S E R V I C E S

## PPS Exit Strategy Services

- Plan to Sell in **4+ Years**
  - Clinic Review + 1 hour Exit Strategy Consult
  - \$650 (\$200 Discount\*)
- Plan to Sell in **2-3 Years**
  - Complete Valuation + 1 hour Exit Strategy Consult
  - \$2299-\$2599 (\$200 Discount\*)
- Ready to Sell!
  - Schedule a complimentary consult
  - \$Free

*\*Discount available through 10/30/2021*



# Crystal Misenheimer

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Lead Broker + Co-Founder



**Crystal Misenheimer** received her BBA from Baylor University in International Management Information Systems. She worked in database management in the non-profit sector prior to taking over the management and marketing aspects of three of the chiropractic clinics she co-owned with her husband. As the Lead Broker for Progressive Practice Sales, Crystal has helped hundreds of chiropractors to successfully transition into the next stage of their careers. With an in-depth understanding of the intricacies of practice valuations and the many complexities of practice sales, Crystal is the leading expert in the chiropractic practice sales space. You can find her regularly featured in industry podcasts, blogs and periodicals, and at [www.progressivepracticesales.com](http://www.progressivepracticesales.com).

# Progressive Practice Sales

Progressive Practice Sales (PPS) is the leading brokerage exclusively specializing in chiropractic clinic sales, acquisitions and valuations. The team at PPS has overseen hundreds of chiropractic practice sales and acquisitions, and has advised thousands of doctors on clinic value, as well as the buying and selling process. PPS was built after co-founders Crystal + Kevin Misenheimer experienced multiple disappointing sales through the existing chiropractic brokerages options. So, everything at PPS has been built to optimize the sale process, out of a deep desire to serve the chiropractic community. At any given time, PPS typically represents around 100 clinics and \$25 million dollars in chiropractic assets.



P R E S E N T E D B Y \_\_\_\_\_

PROGRESSIVE PRACTICE SALES



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