

# The most important questions to ask as you consider selling your practice

By Sean Linehan

**W**ith all of the consolidation of veterinary practices and hospitals of late, chances are good your practice will have the opportunity to sell. But before you consider this big move, there is a lot to know about selling to a private buyer vs selling to a network, being clear on what life will be like for you and your team, and how your legacy will not only be preserved but enhanced by picking the right partner.

There are many reasons practice owners consider selling. In my experience there are three seller mindsets. The first is an owner who is confident in their decision to sell and ready to make a move sooner than later. The second is a practice looking for the perfect fit, and won't make a move until they find it. And lastly, a practice seeking consolidation everywhere, a changing landscape and is just starting to look into their options.

Regardless of where you are in the process, there are important questions you should consider in order to position yourself to make the best decision for you, your team and your clients. It took years to build your practice, so make sure you ask the right questions and don't jump at the first offer.

The five things for you to consider include: valuation, the transition, the changes for your clients, the impact on your team, and the due diligence you want to do to make sure there are no surprises. All this takes time, of which most veterinarians have very little, so hopefully this helps prioritize the most important issues.

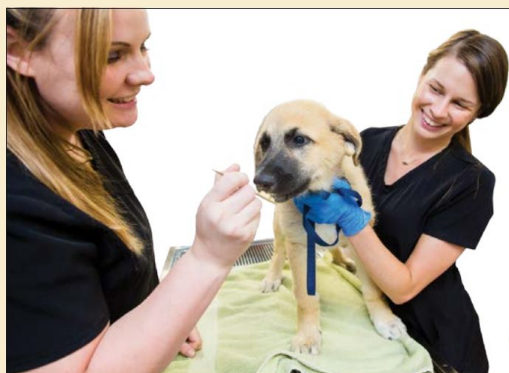
## How will your practice be valued?

The financial health of your business will be a key driver in the valuation. While top line revenue is important, how you're managing the expenses can change the valuation considerably. The best scenario is working with your accountant and practice manager well ahead of your projected transition timeline to get your profit and loss statements and balance sheet in order. If you have a clear understanding of how your business is performing and why, then you'll be in a strong position to understand how a potential buyer is valuing your practice. This also gives you a better opportunity to determine if an offer meets your needs as a seller.

## What will your practice and life look like post-transition?

Understanding what to expect post-transition is extremely important. Ask questions to understand what daily life will look like under new ownership. Are

If you decide to sell your practice, how will your practice be valued?



Once you sell your practice, what will the transition be like?

practices worked with in a collaborative way? What, if any, standards will be expected from every practice team? Some practice networks have a standard playbook for every practice, and others will work hard to develop individualized solutions. Understanding what's most important to you is something to consider prior to engaging in conversations with potential partners. How will a transition affect the culture? Will our medical team have autonomy in decision making? What responsibilities will come off my plate?

Will my team be impacted by changes in compensation, benefits, skills training, and quality of life. What type of support will we get if we want to expand our medical offerings? This is much more than a transaction; it's a transition to a next chapter for you and your practice. If this is the final chapter of your career, you shouldn't settle for anything less than spectacular. Do you want to work less, have more time away or have less responsibility? The right partner will work with you to structure a transition on your terms.



With a new owner, what changes will your clients experience?

## If I sell my practice, what changes will my clients see?

Many buyers will put their name on your practice, transition to their way of doing things, and hope to not lose clients and staff. Others keep the name of your practice and work behind the scenes to avoid upsetting the way things have always been done. It's important to understand if your clients will have a different experience than they have grown to expect. The buyer should have a clear plan about the legacy of your practice, the brand you have created



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over the years, and a collaborative vision for the future.

## How will your team be treated?

No buyer of a business wants to have the staff leave, especially during current conditions where it is hard to recruit and retain the best people. But change is always hard, and some of your staff may start looking at other opportunities because they fear the worst. If you select the best possible partner to sell your practice to, your team should see immediate benefits ranging from increased compensation, revenue sharing, health and wellness benefits, continuous skills training, and the ability to transfer to another hospital if they want or need to move.

## What kind of due diligence should I do about the networks I am talking with?

You want to know as much about your partner as they do about you. It should never be a one-way conversation. What is their financial health and ownership structure? Ask to see their financial statements, their profitability, their team retention rates, their services and rates, the number of hours worked by veterinarians and hospital staff, and compensation trends. If they don't share this willingly, it should send up a red flag. While the network will likely give you the name of some hospitals they have acquired, call on some of the practices not on the original list. Find out from the owners and key staff what the experience was like,



Sean Linehan, Chief Development Officer at CareVet

did they get what they expected, did the network accurately represent themselves and what they said they would do, and are they living up to their promises. If there is any hesitation, dig deeper. You want to be confident there is open communication with the leadership, but also with others throughout the network of practices.

Aside from the questions above, some of the unsaid expectations you should have are 100 percent confidentiality, clear plans in writing, access to everyone in the company, and if there are any red flags, don't hesitate to run for the hills. Whether it's six months post transition or six years, you want this to feel like it was the best decision you ever made. Chances are this is the first and last sale of a practice you will ever make, so take

your time and understand with 100 percent certainty that you should be selling to an individual or group of people you will gladly call your partners...because that's in fact what they are. Selling to the right partner should be exciting, profitable for everyone, and offer many new opportunities. If you do the work and are still nervous about what it will be like with a specific partner, keep looking. ●

Sean Linehan is the Chief Development Officer of CareVet, an industry leading network of veterinary hospitals operating in 27 states with over 1,100 team members. Founded in 2018 by Dr. Kent Thornberry, a DVM who built and grew two of his own veterinary hospitals before selling them to two separate veterinary practice management groups and Greg Siwak, a highly regarded entrepreneur. Together, they felt there was a better operating model for hospitals anchored in a deep commitment and investment in the teams that service their clients and pets. CareVet is privately held and headquartered in St. Louis, Missouri, and can be visited at [CareVetHealth.com](http://CareVetHealth.com) and followed on LinkedIn at @CareVet-Health, Facebook at @CareVetHealth, and Instagram at @CareVet\_Health.

This Education Center article was underwritten by CareVet.



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