

# Finding A Buyer

## Common Mistakes to Avoid, and A Five-Step Plan to Success

When I used to run my own practice, after years of trying to find the right way to market our services, I found that the most effective method was to tell other allied physicians and practitioners that we specialize in people who are hard to treat. That we want the people who have already tried everything else first. We want the most “difficult” patients.

Many doctors, physical therapists, chiropractors and the like would ask why we would want the patients they least enjoyed seeing, patients who had not responded well to other modalities or who just did a heck of a lot of complaining.

The way I saw it, it was a win-win-win:

- The physician had a new idea for what to do for their patient, and was happy to refer them out with a new plan;
- The patient usually was at their wit’s end and didn’t think anything would work for them; and,
- Worst-case scenario, we met the patient’s expectations. Doing any better than their low expectation would be considered a significant win for all involved.

Why do I bring up this story in a post about finding a buyer?

Because most of the people who call us to help them find a buyer have already tried doing it themselves, using a broker, or have *almost* had a sale and it fell through. It feels very familiar.

The number one reason we hear from people who want to sell their medical practice is because they want help finding a buyer, and we love to help those who have tried everything else first.

### The Two Factors of Failure

Why is it that so many people have a hard time finding a good buyer for their medical practice and consummating the sale?

In our experience, it comes down to two factors:

1. Not being properly prepared to sell; and
2. Not marketing their practice correctly in order to find the right buyer.

## Finding A Buyer (Continued)

Of those two factors, the second one is that which will be covered remedied in this post.

But first, a note about being properly prepared to sell.

### Preparing To Sell

Before you even *consider* looking for a buyer, you need to have prepared your business to sell.

This post focuses on finding a buyer, so rather than go into all the details here on the essential steps to prepare your practice for sale, we want to direct you to check out the following *free* resources here on our website:

- [Preparing to Sell a Practice](#)
- [5 Steps Before First Buyer Call](#)
- [Prepping for the Sale](#)
- [Create a Contract](#)
- [Pre-Sale Checklist](#)

Once you have gone through these resources and done the stuff recommended therein, *only then* are you ready to move forward and begin looking for a buyer.

### Stuff That Doesn't Work

Anyone with any experience selling a medical practice will tell you that they have proven ways to find buyers. The most common include:

- Advertising in trade publications
- Putting flyers up at schools associated with your profession
- Brokers will have their own websites where they put a blurb about your practice
- Put classified ads on websites relevant to your profession

Many of those we work with have already tried these methods before contacting us, and found them ineffective. For our part, we have rarely found any of these methods effective either!

## Finding A Buyer (Continued)

Thus, we recommend that, if you are looking at hiring someone to help you sell your practice, ask him or her what methods they employ to find a buyer. If it starts and ends with the list above...good luck.

We prefer other methods.

### **A Five-Step Plan for Marketing The Sale of Your Medical Practice**

What we have found most effective in selling a medical practice is:

1. To get properly organized
2. Create a business summary
3. Create a “buyer avatar”
4. Design a hidden web subdomain (yes, hidden); and
5. Do a demographically-targeted direct mail and/or email campaign.

All of these need to happen in a specific order.

Let's get into more detail below:

#### **1. Get Properly Organized.**

It may seem I am repeating myself, but I cannot emphasize this enough. Before you look for a buyer, you need to get organized and make some decisions, including:

- Decide how much your practice is worth
- Have non-disclosure forms at the ready for anybody with whom you wish to talk about the sale.
- Will you sell your company or just its assets?
- Will you and/or your employees stay on and work for the new owner?
- Are you willing to sign a non-compete?
- How will you be paid? What percentage up-front and how much over time? Will you hold the note (be the banker for your buyer)?

## Finding A Buyer (Continued)

We've written posts on each of these subjects, all of which may be found at <https://sellingapractice.com>.

### 2. Create an Executive Summary.

An Executive Summary is a short (1-2 page) document that is typically created for the purpose of selling a business. It is a concise statement about the what, why, when, and how of your sale and the assets that you are selling.

Creating this document can be challenging, because it forces you to think like a buyer. You will need to have your numbers ready, including the amount that you want to receive for your practice. It talks about why your medical practice is a good deal to buy; it justifies why you priced it as you did; and also tells the buyer about the kind of rosy future they could have if they were to buy it.

Aside from organizing the key selling points of your practice, the Executive Summary can be repeatedly repurposed for the advertising you will be doing. It gives you something that you may easily email or mail out when an interested buyer wants to know more about your practice.

We have a more detailed post on what goes into an Executive Summary on our site. We are also frequently asked to write them for our clients. Reach out to us if you'd like some help with yours.

Once you have your Executive Summary, you should...

### 3. Create a Buyer Avatar.

Put simply, you want to take a moment to think about what the ideal buyer of your medical practice looks like. You want to flesh this out as completely as possible. This may seem like a silly exercise, but it is absolutely essential, as it will save you countless hours and a ton of money by allowing you to demographically focus your marketing,

The essential elements that go into thinking about the perfect buyer include:

- What are their goals and values?
- What are their sources of information? New York Times? Annals of Internal Medicine? Acupuncture Today? What conferences or symposia would they go to? Think online and offline. Get as specific as you can here.

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- What are their demographics? Does it matter if they are male or female? Above or below a certain age? A certain number of years in practice? This isn't a job interview, you won't be sued if you get specific here. You're just imagining who this person is in the world, giving them a look and feel.
- What are his or her challenges? Fears? Scaling their practice? Finding good help? Do they want to move to a new, beautiful area with more (or fewer) people? Better schools for their kids? You'll use these to push your potential buyer to action later on.
- What is his or her role in purchasing your practice? Are they the decision maker? What are they most concerned about in buying a medical practice?

This process is used every day by the best marketing people in the world. They will build not just one, but several customer avatars, and then focus their marketing accordingly.

If you Google "customer avatar", you will find plenty more on this topic, as well as many worksheets that you can use to create your own avatars. One example may be found here at Digital Marketer.com (<http://www.digitalmarketer.com/customer-avatar-worksheets/>), but there are many, many more online.

Once you have a sense of your ideal buyer, the next thing we usually do is...

4. Design a Hidden Subdomain. A domain is just the location of your website, a web address like <http://www.sellingapractice.com>. A subdomain is another location on that site, which may look like this: [http://\*\*buyme\*\*.sellingapractice.com](http://<b>buyme</b>.sellingapractice.com). The bold, underlined part is the subdomain, and it is just a webpage you create which is found at that subdomain address.

The reason we call it a "hidden" subdomain is that we often put it up under your own domain (your clinic's website), and only those who know the subdomain address will know that it even exists. (Otherwise, you may unwittingly be revealing to patients and others that your practice is for sale.)

What goes on that subdomain page? Your Executive Summary. You can pour that info into the webpage to which you can direct interested parties, and have a Contact section so that potential buyers can find you.

We design and install these subdomains all the time, and would be happy to do the same for you.

So why do you need a subdomain with what amounts to your executive summary on a hidden page? Because you will next direct the right eyeballs to your subdomain.

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### 5. Do a Demographically-Targeted Direct Mail or Email Campaign

With the other four steps in place, you can now use pieces of your Executive Summary to create mailers and/or a mass email which directs people to your subdomain, where they can get more extensive information about the sale of your practice.

We also think about what that ideal buyer is looking for and why they might be interested in the opportunity to buy your practice.

For instance, maybe your practice is in a beautiful area in a small town in New Hampshire. You imagine that your ideal buyer might be someone in a big city who vacations in a place like the area where you work. They want to get out of the big city and relax, yet aren't ready to retire. So why not work where you vacation? The marketing would target practitioners in New England, perhaps all the way down to New York City, who we feel fit the demographic of your ideal buyer.

Where do these people come from? How do you find them?

You use the information you gathered about the buyer avatar exercise you did to decide who you want to target and how you will find them. Remember the step of figuring out what kinds of magazines or online resources that ideal person would read? That's one clue.

We also use many other specific ways to target your ideal buyer with direct mail and email. Feel free to contact us for more on that.

Finally, what ties it all together is that, on your direct mail and/or emails, they may go to your subdomain (<http://buyme.yourclinicname.com>) for more extensive information and methods of contacting you.

Needless to say, there are many other methods of finding a buyer for your medical practice. The above five steps are those we have found get the most immediate and appropriate traction.

Here are a couple of other ideas, which assume that you have, at minimum created an Executive Summary first...

### **Offer Your Practice to Employees, Colleagues, and Complementary Buyers**

It may just be that your perfect buyer is just down the hall, or around the corner.

#### Employees as Buyers

## Finding A Buyer (Continued)

If you employ other practitioners or people who already have extensive knowledge of your business, and you trust them, you may wish to broach the subject with them. (Of course, have them sign a non-disclosure first, no matter how much you may trust them!)

Employees are often the easiest, and smoothest transitions out of a practice, and may have already been considering buying or investing in a medical practice of their own.

### Colleagues and Complementary Buyers

The last clinic I ran was on “medical row” in a medium-sized San Francisco-area town. We had all kinds of modalities within a block of our office, including several practitioners who did the same work that we did.

Approaching a colleague, someone in the same business who you already know and who may be looking to expand their practice, may be a great option. They may be looking for what you have, and, like selling to an employee, it may save you a lot of time, energy, and money to just take a walk down the street.

A complementary buyer would be someone who has a vision of expanding their business to include yours. For instance, if you have a physical therapy clinic and a busy orthopedic surgeon has been referring you all of their post-surgical rehab patients, perhaps that surgeon would like to have your practice as a profit center under their own roof?

Or perhaps you are an acupuncturist specializing in fertility. If you have a great relationship with an OB/Gyn who specializes in fertility, perhaps s/he would like to have your practice as part of their offerings.

Think about what kinds of practices might be a complementary fit with your own, and go from there.

One word of caution:

Approaching a colleague, referral source, or competitor can be touchy. If a good referral source finds out you are leaving, they may redirect their referrals. And you don't want to give up too much information too quickly to someone who could use that information against you. The same goes for employees who may think their days are numbered and start looking for an out. More on that in our [posts about your first buyer call](#).

### **A Word on Brokers**



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The word: No.

First, no, we are not brokers. We work by the hour, on a project-by-project basis.

For many of you, by time you've gotten to this post, you have already tried using a broker. Many brokers are fine and do a good job, but by and large, we're not huge fans for several reasons.

Generally, we just don't feel they go the extra mile to get your practice sold. They work on commission, taking a percentage of your sale, so their vested interest is in getting your business sold, not at selling at the price *you* want. And beyond the fact that they take a non-refundable retainer up-front, some may also charge you beyond that whether or not they succeed in selling your practice.

Rather than go into all the details of how we feel, let's present a case study.

### Case Study—Broker vs. Us

One simple way to understand the difference between the way we help buyers and sellers and the way a broker works is to analyze the potential cost difference between a clinic selling for, say, \$100k. Let's say you use a broker who asks for a relatively low retainer of \$1,000 and a bargain-basement fee of 8-10% of your final gross sales price, payable upon signing a sales agreement with a buyer.

Let's also assume that you have a successful sale at \$100,000. The broker may have put up to 20 total hours into your deal (putting your practice in the template listing on their website; using a sales agreement template for the contract; and talking you through some speed bumps).

In the end, the retainer is wrapped into the final fee you pay the broker. They get \$10,000 (10% of your gross sale price) for 20 hours of work. (That works out to roughly \$500/hour for them.)

Contrasting that same deal with the way we work:

If we're doing the whole deal, start-to-finish, from organizing a practice for sale to finding a buyer; from creating the sales contract to helping in the transition out of the practice, the average total cost in our experience comes to about \$6,000. At \$95/hour, that comes to 63 total hours of work.

A lot more bang for a lot fewer bucks.

In fact, that's close to half the price for more than 3 times as many hours spent on your deal.

Keep in mind that those numbers assume you're having us do a deal from start to



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finish. Many of our transactions involve having us do only a small portion of a deal, such as helping find a buyer, or create a sales contract. Note that a broker will only get involved if they get to participate in the entirety of the sales process.

### The Final Analysis

There are many different methods one could use to sell a medical practice. What we've summarized here are those that we feel are most appropriate and most effective in our experience.

While the five-step plan we outlined above works well, it also contains many micro-steps, such as the details of an Executive Summary; the technical aspects of creating a subdomain; and the art of demographically targeting a buyer, among other things.

We have done these things for our clients countless times, and feel we're pretty good at it. If you would like to know more or need some help find a buyer for your practice, well... that's our purpose in life. [Let us know how we can help.](#)

And if you are ready for the next step, evaluating a potential buyer, [click here.](#)