BUYER ACQUISITION PROCESS

FLOW CHART

The acquisition process is a buyer-intensive process with a lot of moving gears, especially in Stage 2. Here is a quick reference tool to help you understand what to expect. A customized & detailed process will be outlined once we are engaged to help.

Stage 1: Pre-Acquisition

- Sign a tailored NDA (Non-Disclosure Agreement) for Seller's information to obtain basic practice financials/profile
- Express interest through a well thought-out Letter of Intent (see our LOI Tip Sheet)
- Immediately work on financing to show your buying strength/ability

DID YOU KNOW?

Some sellers will ask for a good faith deposit for the purchase of the underlying real estate to secure your seriousness.

Stage 2: Acquisition

- File your entity's charter documents to create your LLC/Corp.
- Draft (or review) the Asset Purchase Agreement (APA), Transition documents & real estate transfer (Lease or purchase)
- Work on loan conditions
- Complete 3-headed due diligence (legal, business, financial)

DID YOU KNOW?

If you are buying a PPO office, post-closing credentialing can be a challenge. Come prepared with a plan now. We can help.

Stage 3: Closing

- Finalize Seller Lien Searches & Obtain Payoffs
- Execute Contracts
- Finish Transition Plans & Patient Letters
- Coordinate with all parties to set a true closing date
- Sign loan documents/ disburse funds

Congratulations

Start Ownership, Staff Transitions & More

We can help you each step of the way to welcome you to your new practice. Schedule a call by texting "BUYER HELP" to (703) 665-3700 -or- book a 15 minute courtesy call by visiting www.thegillisfirm.com

BUYER LETTER OF INTENT

STRATEGY TIPS

Not all LOI strategies are the same. Some buyers want the practice at nearly any cost while some take a very guarded approach. Depending on the buyer, purchase environment and practice, here are some strategies to take into consideration.

Good for experienced and risk-comfortable buyers

Hot Market Bid Approach

- Go in with a full price offer "subject to due diligence & financing" ***or*** "one-up" any other buyer's offer by $X with contingencies reserved.
- Come prepared with your own prequalification which will then be subject to becoming a full loan approval from your bank once the seller's financials are secured.

Skin-In-The-Game Approach

- For the unfinanced portion of a real estate purchase or any instance where the practice price cannot be financed, require seller to carry a note for the equivalent term as your bank loan.
- Consider a seller earn-out rather than full purchase price payment at Closing conditioned on employment or practice performance.

Good for deflecting/sharing risk with the seller

Good for associate buy-outs

Multi-Faceted Deal:
A Buckets Approach

- Where the seller owns real estate or wants more post-closing considerations, focus your offer on filling both the seller's buckets & yours.

(ex.: If the practice is slightly overpriced, ask for the seller's uncollected account receivables rather than a discount on the price or staff retention payments)

Business Cautious Approach

- For practices that have been on the market for a while including unique practices with extremely niche patients requiring the "right buyer".
- Consult with a business valuation team or buyer's advocate, first, to review the practice price against true value.
- Consult with your lender to determine your lending power.
- Outline deal challenges and seek seller concessions, accordingly.

Good for unique practices based on shared patient/doctor ethnicity & specialized care offices

We can help you create a strong LOI strategy to bring you one step closer to closing on your practice. Schedule a call by texting "LOI HELP" to (703) 665-3700 -or- book a 15 minute courtesy call by visiting www.thegillisfirm.com