

# Are You Thinking of Buying a Chiropractic Practice?

By

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The dream that you had when you decided to become a Chiropractor of owning your own practice is close to a reality. You have been studying academics for the past four years or, maybe have been an Associate or an Independent Contractor for a fellow Chiropractor.

Your technical and practice management skills have risen to a level where you feel it would be a good bet if you were to purchase a practice. If you are really lucky you may even have the financial ability to satisfy a Seller with a down payment, obtain collateral (Parent Loan) or even pay for the practice in full.

Now is the time to search for your dream practice. Your plan must be rational, non emotional. Write down the characteristics that fit your dream, make a dream list. Is it a family wellness oriented practice in the suburbs or a symptomatic facility with equipment for rehabilitation in the city? Do not take the approach, "when I see it I will know it." If you do you may fall in love with a practice that in time you may regret.

Your emotional feelings should confirm your rational thoughts, not your rational thoughts confirm your emotional feelings.

When Buying a Chiropractic practice the process has many small steps, not one large leap. Follow each step to completion and you will accomplish your goal with the least effort.

## **The Search**

The time has come to look for the practice of your dreams. The Internet is the best place to look if you do not have a personal offer to buy a practice or partner to buy out.

On almost all Chiropractic Universities and Colleges' web sites there are pages of Classifieds or Professional Opportunities. Search for Practices for Sale in the geographic country, state or city of your interest. New practices come on the market often and many stay on the market for a long period of time. So look often.

Also on the Internet are Chiropractic Practice Brokers that specialize in selling Chiropractic practices. These sites also have listings by state, county and city. The brokers also list their practices for sale on the many classifieds throughout the Internet.

The goal of the broker is to sell the practice of their client and fulfill their client's needs, not satisfy your dream. Do not allow the broker to entice you to one of their practices if it does not fit your criteria, refer to your list. They are not a match maker, they are sales people.

### **Request Information**

Request from the broker and or Seller pertinent information related to the practice for sale. Do not request specific documents, you want to see how prepared the Seller is in this process. It has been my experience that a Seller that is not ready for a Buyer with an incomplete “Practice Sales Package” may have many other deficiencies.

Due diligence is “*research and analysis of a company or organization done in preparation for a business transaction*” according to the Webster’s Dictionary.

Gather any and all information that would accurately present the financial, geographic and socio- economic characteristics of the Practice for Sale. Study the facts as if they were a crossword puzzle. Each fact must interlock with others to display a cohesiveness of truth. Track the performed services rendered to gross collections, and then deduct expenses to arrive at the net profit. If one or more variables in the equation do not add up, request an explanation and or justification.

The following statistics are vital in performing due diligence:

1. Gross service
2. Collections
3. Collection percentage
4. Expenses
5. Net Profit
6. Patient visits per year and week
7. New patients
8. Case average
9. Visit average in services rendered and collection
10. Accounts receivable

To predict the future one must look at the past. Therefore, the projection of your first twelve months of gross income is by the analysis of the past twelve months of the Seller. The better your due diligence the lower the risk of failure.

### ***About David Foster D.C.***

*Dr. Foster has practiced Chiropractic for the past 20 years and has co-owned 10 satellite practices. His undergraduate education includes a BS degree from Boston University with a major in finance and marketing prior to attending Life Chiropractic College. With his acquired knowledge and experience Dr. Foster has consulted the Chiropractic community for the past decade in appraisals, Buy-Sell and Associate agreements in addition to a wide variety of legal, financial and strategic issues related to the business of Chiropractic. For more information go to [www.BackOfficeConsults.com](http://www.BackOfficeConsults.com) or call 1-973-331-8249 or email [Dave@BackOfficeConsults.com](mailto:Dave@BackOfficeConsults.com)*