

What to consider when planning a practice exit strategy

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There are many different stages of a physician's career, and after years of caring for patients, you'll want to think about how to move into retirement. Learn what you should keep in mind as you plan to transition out of your medical practice.

Tammara Plankers, client practice services manager at Wells Fargo Practice Finance, recommends physicians begin planning their practice exit strategy three to five years in advance.

"You get better results through better planning," said Plankers. "When you don't have an exit strategy, the practice can just start waning, or sometimes an owner may get into a situation where they're no longer effective or interested."

After a full career, consider transitioning your practice, rather than just shutting your doors. Keep these factors, from Wells Fargo Practice Finance, in mind when figuring out your next move.

- **Determine which transition model best suits your situation.** You can choose to sell your practice outright—which means the sale includes all related assets, including patient files, equipment, inventory, building and land—allowing you to immediately eliminate investment risk in the practice. Or you can choose a partial sale, meaning you sell the practice assets only while retaining ownership of hard assets, such as the building and land. A partial sale positions you to generate ongoing income from these hard assets. Finally, you might choose to allow practice associate or co-owner to buy your interest in the practice, which can make the transition for patients, practice and staff easier.
- **Consider what you want in a potential buyer.** Many physicians sell to a hospital group, Plankers said. You can also sell your practice to another physician, such as another solo practice owner who wants to expand. Recently, many physicians may have thought selling to a hospital group was their only option, but that isn't true, Plankers said. "There are still a lot of options," she said. "There is still a market for [selling to a solo practice owner]."
- **Prepare to position your practice as a "turn-key" investment.** Once you're ready to begin your transition, do your best to maintain a strong practice that will allow another owner to immediately begin generating income. Think about it in terms of selling your home,

Plankers said. “We can all buy a ‘fixer upper,’ but there are a lot of people out there who just want to move in, and will pay top dollar for that move in in ready property” she said. New doctors will want something in which they wouldn’t have to struggle to upgrade technology and equipment, or find a patient base.”