

# THINKING ABOUT ACQUIRING A PRACTICE



**Are you thinking about growing your business through acquisitions? Acquiring practices requires a lot of preparation, strategy and patience. Review these steps to ensure you are well-prepared to achieve the outcome you want.**

**ACQUISITIONS**advisory  
THE MERGERS AND ACQUISITIONS DIVISION OF DYNAMIC DIRECTIONS

## IDENTIFY THE “WHY”

What’s motivating you to grow by acquisition? How do practice purchases fit into your game plan now and in the future? What does your future practice look like once you have completed these acquisitions?

## DEFINE WHAT YOU WANT

Jot down the specific qualities and criteria for the type of practice you want to buy that will fit within your culture. Develop a ratings scale to help you narrow down the specifications that matter most. Determine what will work best for you and, more importantly, what will not be a good fit.

## RISK MANAGEMENT

Identify all the potential risks associated with buying a practice. Running and buying businesses requires proper risk management in order to achieve the return you want based on the risks you are willing to take. Reviewing the risks associated with expanding your business can go a long way in helping you prepare for the worst, more-than-likely and best case scenarios.

## DETERMINE CAPACITY

Conduct an evaluation to determine the number of new clients you can absorb within your practice. As you add more clients, determine the threshold your current team can handle, and begin to plan for the additional team members (who, what and how many) you will need to execute the systems you have in place to serve clients.

## TALENT CHECK

This goes hand-in-hand with determining your capacity. Do you possess the skill set and drive to lead a bigger practice with a larger staff and more clients?

Do you have a leadership team to help you manage the growth you can achieve through acquisitions? Build out your current and future organizational chart in order to plan for the growth you expect when acquiring practices. Rate each one of your team members to assess their ability to assist you as you expand through acquisitions.

## BUSINESS FINANCIALS

It’s important that you understand where you are financially with your current practice and personal net worth. Forecasting the various financing models against the price, terms and conditions of potential deals will help you identify the best possible financial scenarios in an acquisition while avoiding a potential financial disaster.

## VALUE YOUR OWN PRACTICE

Conduct an appraisal on your own practice to help you understand the valuation process. Knowing the key drivers to increase equity will help you properly analyze deals as you go through the acquisition process.

## GET TO KNOW POTENTIAL LENDERS

Build relationships with several banks to understand their loan programs and requirements. Look for lending partners that specialize in financial services acquisitions. Obtaining pre-qualification and learning the various ways to fund an acquisition will help you be more prepared when the opportunity to bid on a practice presents itself.

## BROKER-DEALER REQUIREMENTS

Conduct a deep dive on the rules and requirements from the broker-dealers where you plan to solicit

practices. There may be different rules based on the relationship your broker-dealer has if the acquisition is internal (within the same broker-dealer) or external (with a different broker-dealer). Working with a qualified representative from your current broker-dealer can help you understand what is required and expected.

## SCRIPT YOUR VALUE PROPOSITION

Build a prospectus for sellers to see why you are the best candidate for their practice. This prospectus should include who you are, the history of your firm, your philosophies, client approach, organizational chart, professional designations, community involvement, track record of acquisitions, etc. so sellers can get a true feel for who you are and how they can fit in with your organization.

## POSITIONING AND COMMUNICATION PLAN

Devise a plan to network and communicate with potential sellers. What questions do you want to use to determine if a practice is a good fit for you? Who could you begin a potential sales discussion with? Build out a touch and communication plan to keep your name in front of your targeted audience. Create a due diligence process to vet potential sellers.

## TEAM WITH EXPERTS

This checklist represents a high-level overview of the many considerations and strategies that typically go into acquiring a practice. Partnering with a team of experts as you acquire practices can prove to be invaluable. These specialists can help chart your course, keep you on track, troubleshoot along the way and assist you in getting the desired results in the most efficient and effective manner.

Acquisitions Advisory has the experience to guide you through the selling process to achieve the best possible outcome for you. For more information or a free consultation, call us today at 270-663-7264 or visit us online at [www.a2advisor.com](http://www.a2advisor.com).

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