

verilo

# Exit Strategy

IS YOUR PRACTICE SALEABLE?



## Session Aims

- Understand the current **buy-sell market dynamics** for businesses in this sector.
- Identify **who's buying** and what they are looking for.
- Learn what makes a practice more or less **saleable**.
- Learn about key factors that **influence valuation**.

## My Journey

- 2010-2012: Practitioner
- 2012: Founded practice
- 2013 – 2019: Expanded to 36 clinics and bought 7 business to become one of the largest private physio chains in the UK.
- 2019 – 2020: Exited to PE
- 2021: Founded Verilo

## Verilo

- M&A consultancy - sector specialist business brokerage.
- Ethos – expectation management and deal success rate.
- C. 50 private practices with 85% sold or under offer.

THE BUY-SELL MARKETPLACE

## The Buy-Sell Market

### Managing expectations

- Saleability – not easy, not guaranteed, and SOME won't sell.
- Time to sell – 9-12 months on average.
- Valuation – valuing goodwill is not an exact science.
- Beware brokers – good and bad practices to look out for.
- The importance of planning - most business owners fail to plan their exit, directly impacting their chance of sale and value.

### The good news

- You **CAN** influence saleability and value.
- Healthcare is an attractive sector for investment.
- Buyers are spending, despite the economy and looming political change.
- The right businesses **ARE** selling (most that don't are due to mismanaged expectations).

## Types of buyers and what they are looking for

Buyer	%	Target Size	
Private Equity	10%	£1M+	} Large practices / platform businesses
Trade - National	30%	£500k+	
Trade - Outside sector	20%	£350K+	} Mid-size practice
Investors / Consortiums	15%	£350K+	
Trade - Regional	15%	£200k+	
Consolidators	4%	£200k+	
Trade - Local	5%	£150k+	} Owner-operator / Lifestyle
Associates	<1%	<£150K	

FACTORS INFLUENCING SALEABILITY & VALUE

# How revenues impact on saleability and value

	Revenue	Saleability	Valuation	
	> £75k	10-20%	1-2x	} High risk
	£75k - £149k	20-30%	2x	
	£150k - £199k	40-50%	2-2.5x	
} Largest pool of buyers	£200k - £499k	85%	3-4x	
	£500k - £999k	92%	3.5-4.5x	
	£1M+	88%	4.5-6x	



# Owners' role and team structure

## Owner involvement

- Too high - No.1 reason why businesses don't sell.
- Tip: Minimise reliance on you - revenue <20% and day to day running.
- Think business continuity - can the business run without you?

## Impact of high owner reliance

- Purchase price reflects risk.
- Deals structure - based heavily on earn out.
- Long handover periods.

## Team

- Admin / Management - in place and process driven
- Clinical - limit reliance (revenue and skills)
- Think about how you can reduce risk for a buyer.

## Your premises matters

### Lease and Location

- Geography and location influences saleability.
- Security of tenure – impacts saleability, value and deal structure (conditionality).

### Clinic Setup

- Location - well populated, passing trade (traffic or footfall).
- Visible frontage.
- Multi-room.
- Some room to grow - buyers won't pay for potential but are influenced by it.
- Avoid home clinics if you're looking to sell.

## Client mix and contract stability

### Diversity and stability is key

- Overreliance on a small number of clients or contract will put buyers offer.
- Aim for <10% revenue contribution per client group.
- Secure contracts – proper documentation and 2+ years remaining (or evidence of renewal).
- Contract terms can impact multiple paid and deal structure.

## Recap of Key Value and Saleability Drivers

### What makes your practice more saleable and more valuable?

- Grow your revenue.
- Reduce owner involvement.
- Build a reliable team but don't become over reliant on individuals.
- Make sure you have security of tenure.
- Don't become reliant on a single client group.
- Ensure contract longevity is clear.

# Thank you

**Book in a discovery call to discuss your business saleability, value and exit strategy.**