

## Transitions and Succession Planning

Now more than ever, business owners need to proactively **plan** for their transition out of the business. The old way of doing it (ie. selling at or just before retirement), may not provide sufficient time or take into account other viable options that should be considered. The consequence for not planning could be liquidation at the value of the "hard assets" and loss of tens or hundreds of thousands of dollars of value in the intangibles. Many are caught in this dilemma right now, with few options. Do you want this to happen to you? Then take the time to plan and put plan in place to insulate yourself as much as possible. Tough times are ahead.

What to do? Planning will probably involve a team approach for maximum effect. There will be cost and it will take time. It will not be easy and it will be trying for those with already busy clinic schedules. But, there is no choice. The easiest way, is to get help from someone that can work in your behalf and to assist you through the process. This person is a transition specialist. This is a new concept for veterinary medicine, but tried and true for many of the other health professions.

Many potential models exist for leaving veterinary practice. Some are currently utilized to greater or lesser degrees already. Others are seldom spoke of. All should be explored for every practice. Those with the greatest potential should be implemented into a plan. The plan will encompass and require several years to implement in some cases. But, you will turn an uncertainty, into a planned exit strategy. Do you think this will take some weight off of your shoulders? Undoubtedly. Do you think it will pay to invest the time and money to get it done? Without question. If you don't believe it, do nothing and take the risk of selling your practice for the liquidation value of the hard assets.

To get started.....

- 1) You need a realistic value or anticipated real price in today's market, taking into account what is likely to be the value in the distant future (a forecast). This should be a true appraisal, not just calculations based upon the financial information. It should be performed by someone in the marketplace and by someone that is qualified to do "real" appraisals. It will likely assess value for the typical buyer at fair market value and a defined atypical buyer under other specific circumstances. Ultimately, this will establish a likely range of what the practice should sell for.
- 2) Next would be a sales model assessment. This would review the transition models currently available and will assess the potential for what makes the most sense for your the practice. Included would be an assessment for what model should be used in the event of unexpected death and disability.
- 3) The next process is the actual written plan to follow for the top three practice transition models applicable to your practice. This will be a step by step procedure of how to implement the models.

- 4) The last step is implementation of the plan using the chosen model or models. This is where the real work is and it will be the most lengthy, time consuming and costly. But this is the doing that will eventually reap the results that are desired. This part of the plan will likely be divided into phases. Parts of this may not actually have "trigger events" for years into the future. Every practice situation is different. Plans may also require adjustment after annual reviews, which are programmed into the plan.

Author: Michael L. Terry DVM, e-mail [mike@vetbrokerage.com](mailto:mike@vetbrokerage.com)