Ready to Take the Plunge?  
Buying Into the Practice Where You Work

Leslie A. Mamalis, MBA, MSIT

Even though you are just getting into practice ownership, start now to think about your exit strategy. The day will come when you will leave this practice, and you will want to leave it in good hands. It is not too early to begin exploring your choices and understanding your options. Between now and then, your best strategy is to build a quality practice, develop the best veterinary team possible, and keep your options open as to who might be interested in buying all or part of your practice when the time comes. Author’s address: Summit Veterinary Advisors, LLC, 10354 W. Chatfield Avenue, Suite 103, Littleton, CO 80127; e-mail: Leslie@SummitVeterinaryAdvisors.com. © 2011 AAEP.

1. Introduction: Relevance and Overview
Buying a practice represents a major investment that will reshape your entire professional career and your personal life as well. Whether that impact is positive or negative depends to a large extent on the investigation and analysis you do prior to purchasing a practice.

If you are interested in purchasing all or part of the practice where you work now, do not assume that the owner will approach you when the time is right. It’s OK to express an interest in practice ownership and see what the owner has to say. For some associates, that opens the door to an associate buy-in, which leads to full practice ownership when the owner reaches retirement age.

2. Covering the Topic
One of the biggest questions is “how much” – how much can I buy and how much will it cost? Generally, the owner will establish a price, either through hiring a professional to appraise the practice or by selecting a price on his own. As a buyer, your job is to determine if the risk of paying the asking price is worth the reward that ownership provides. Consider whether you can afford to make the payments, pay your current expenses, and still pay off your student loans. Regarding how much, whether you buy 10% or 49%, you will still be a minority owner. Find out if you will be given a chance to make decisions, or, will the control still rest with the current owner?

There are many things to consider in addition to the price. For example, how well do you get along with the current owner (or owners)? Is this a person who has basic philosophies similar to yours, or do you have major philosophical, ethical, moral, or managerial style differences? Co-owners of practices should not expect to agree on everything, and in fact differences in outlook can strengthen the practice as they make decisions together on the basis of reconciling those differences. Growth often comes out of conflict. However, can you realistically see yourself working together with this person for a number of years? Think of being in business together as a marriage without the romance.
In addition, recognize that in the short run, the current owner will continue to control the practice. At least in major decisions, you should be able to provide input to the decision-making process. However, do not expect to be an equal owner in all respects from the beginning. Do not underestimate the dues already paid by the current owner, especially in the early years. You are buying into an established practice, and someone else took the risk to get it going.

Finally, if you buy a small ownership interest now but expect to buy more (or all) of the practice in the future, you probably will have to pay a higher price for the remaining portion than you did for the initial percentage. From your perspective, that means that you will be helping to grow the practice and then paying for part of that growth when you buy more of the practice later. Unfortunately, that is fairly common. The only way to avoid that is to try to lock in the price for the later purchases now.