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Do This Whether You're Grooming For Sale Or Grooming To Grow

Preparation. It doesn't matter whether you're grooming your practice or business for sale or grooming it to hold and grow. There are some elements in common that impact your chances of success no matter your goal and no matter how you measure it.

This article addresses one of those elements, *governance*, from two perspectives: Who is in charge of the operation of your business? Who is in charge of approving the sale of, or other major change to, your business? Let's look at each of those issues.

Who's in charge of the operation of your business?

Let's call them the Spring Group. It was clear that they needed to make a decision about the direction in which their business would head. So they met and met and met. The default position was to stay the same course, even if it were off a cliff, and default was all they were able to muster.

Some person or very small group of people must be in charge of the operation of the business. Either that's a managing partner or other "strong leader" or it's a corporate type structure whether or not your entity is a corporation: a small board or management committee which sets policy and a very limited number of officers who carry out that policy and manage the day to day business.

Putting this another way, *if everyone is in charge, then no one is in charge*: There's no ability to make quick decisions. Decisions tend to be consensus based which is simply another term for weak compromises.

In terms of both ongoing operations as well as in the context of simply considering the notion of a sale, it's enough that your business will have to negotiate with third parties and, in many cases, compromise with them — at least have a strong position coming into that negotiation.

Your business is a business, not a club. It doesn't matter that you call it a "practice," it's still a business. If it can't operate like one, it will soon be out of business.

Who is in charge of approving the sale of/change to, your business?

Let's call them the Fall Group. The clear majority, in fact, nearly every shareholder in the group, wanted to sell the practice. Yet a very small minority of owners refused to consider it. The group's organizational documents required a unanimous vote to sell its practice.

At a time in which practice sales, at least those generating high multiples of value, were rare, provisions requiring actual or near unanimity were less damaging. But today, their impact is equivalent to giving each owner a veto over any deal, even one ranging into the hundreds of millions of dollars.

That veto makes it very difficult to successfully sell your business. Buyers will be hesitant to devote the time, effort and money to consider a deal. So will you.

Just as there must be a streamlined, yet fair, way for your practice's business to operate on a day to day basis, so, too, must there be a streamlined, yet fair, way for the majority, or even a slight super-majority, of the owners to effectuate the business' sale or other major event such as a merger.

The bottom line

Governance is the rudder on the ship of your group's success. If no one is steering, the group and its future are adrift. If everyone is allowed to steer, the direction you're headed in is just as ambiguous.

Save The Date

Mark your calendars for Thursday, **January 14, 2016**, for my next webinar: **OIG Opinion Letter Secrets and Strategies**. Stay tuned for an upcoming email with more information.

Wisdom. Applied. 83 - Sam Walton's Failure Is A Lesson For Medical Groups

Sam Walton has a lesson for you. No, it's not buy low and sell low. It's something very different.

November 30, 2015

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Some days, it seems as if everyone, from anesthesia groups to vascular surgery practices, is talking about selling their practice to a larger group, to private equity investors, or to a hospital.

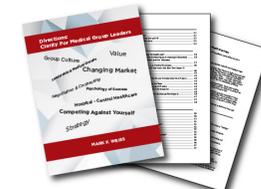
The reality is that some practices can be sold, some can never be sold, and some have nothing to sell.

The reality also is that there are a number of strategic alternatives to a practice sale.

A perfect storm of factors is accelerating the market for hospital-based medical group mergers and acquisitions.

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Directions: Clarity For Medical Group Leaders



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All Things Personal

Pop.

Like that, the right low beam bulb burned out. And in three hours, at 7:30 at night, we had to be 45 miles away, having dinner with friends.

Out came Siri, who directed me to a dealer I'd never been to, Park Place Porsche. Around \$65 dollars and and 90 minutes later I was on my way. But that's only part of the story.

\$65 for a light bulb, you ask? Yes, and because of the experience, I'm thinking of breaking the other low beam bulb myself just so I can go back.

When I pulled into the service reception area, I was greeted by a crew of bellmen. Okay, it wasn't a hotel and they were really service reps, but the place looked like the Ritz. Two of them were tasked to my car. One pulled the VIN for their system and the other took my information.

Sure, they could put a bulb in while I waited, and would I like a car wash, too? You bet.

Inside, there were (or course) cars to look at - would I like a test drive? No, not today. But there was an espresso machine, drawers of snacks and fruit, a refrigerator full of water and soft drinks, and what must have been a 72 inch TV on a wall in front of comfy sofas and chairs.

The wait was so pleasant (and calorie packed) that it was hard to leave.

The point I'm making isn't a plug for Park Place. It's that value is tied up in the package, the experience, and not in any one element of the service. Waiting for a \$65 bulb at Pep Boys is hell. Waiting at Park Place is a slice of heaven.

What are you doing to tilt the value proposition fully in your favor? There's not one answer and it's an ongoing process. But you have to start. Now.

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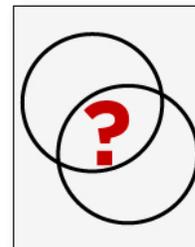
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The healthcare market is changing rapidly, bringing new sets of problems.

How can you find a solution, how can you engage in the right development of strategy, and how can you to plan your, or your group's, future without tools to help clarify your thinking?

Directions is a collection of thoughts as thinking tools, each intended to instruct, inform, and even more so, cause you to give pause to instruct and inform yourself.

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Mark's article **Anesthesia Group Mergers, Acquisitions and (Importantly) Alternatives** was published in the summer 2015 volume of *Communique*. Read or download [here](#).

Mark was quoted in the article **Anesthesiology Acquisition Rate Still at Fevered Pace**, published in the July 2015 issue of *Anesthesiology News*. Read or download [here](#).

Mark's article **Seeking Certainty In Radiology: Mergers, Acquisitions and Alternatives** was published in June 2015 on [Imaginbiz.com](#). Read or download [here](#).

Mark's article **Give Disruptive Docs the Boot** was published in the April 2015 issue of *Outpatient Surgery*. Read or download [here](#).

Mark's article **Do You Make This Mistake Concerning Customer Value?** was published in the April 2015 issue of *Anesthesiology News*. Read or download [here](#).

Mark's article **Do You Make This Mistake Concerning Customer Value?** was published in the March 2015 issue of *General Surgery News*. Read or download [here](#).

Mark's article **McDonald's and Delivering Anesthesia Group Value** was published on *AnesthesiologyNews.com* on December 30, 2014. Read or download [here](#).

Mark was quoted in the article **Top 5 financial challenges facing physicians in 2015**, published in the December 2014 issue of *Medical Economics*. Read or download [here](#).

Mark was quoted in the article **Top 15 challenges facing physicians in 2015**, published in the December 2014 issue of *Medical Economics*. Read or download [here](#).

Mark's article **Bundled Billing or Bungled Billing?** was published in the October 2014 issue of *Pain Medicine News*. Read or download [here](#).

3/5/2019

Grooming Your Business for Success

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