

VALUATION

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SERIES



GROWTH CAN HIDE WEAKNESS | 2 of 6

A valuation is not about selling a practice, but a guide on improvements to pursue.

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**A growing
practice can
still be losing
value.**

Questions about your practice?
Let's connect.

REVENUE, PATIENT GROWTH AND BUSYNESS ARE USEFUL SIGNALS, BUT NONE TELLS THE WHOLE STORY ON ITS OWN.

4 REVEALING DISTINCTIONS

NEW PATIENTS VS. NET PATIENT GROWTH:

New-patient flow must first replace normal attrition. If new patients only replace those who leave, the active patient base is not growing.

REVENUE VS. EARNINGS:

Additional production creates more value when it also produces sustainable profit. When costs rise at the same pace, the practice may be larger without being stronger.

FULL SCHEDULES VS PRODUCTIVE CAPACITY:

A busy schedule can still contain short appointments, unused hygiene potential, gaps, bottlenecks or services routinely referred elsewhere.

REPORTED VS. NORMALIZED EARNINGS:

Clear records help identify owner-specific, unusual or non-recurring items. Normalizing them can provide a more consistent view of sustainable operating performance.

GROWTH CAN HIDE WEAKNESS

A PRACTICE CAN:

- produce more while becoming less profitable.
- attract new patients while its active patient base remains flat.
- stay extremely busy because its systems may be inefficient.

SUSTAINABLE VALUE COMES FROM:

- understanding what drives the activity.
- what remains after the work is done.
- how clearly the results can be explained.

THE QUESTION TO CONSIDER:

If production increased next year, which measure would tell you whether the practice had actually become more valuable?

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BUILDING A TRANSFERABLE PRACTICE