



GROW YOUR PRACTICE TO SELL IT: A SUCCESSION PLANNING GUIDE



This session is for you if you:

This session is for you if you:

- Are considering retiring in the next 5 years

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- Aren't sure when to sell or how to get started

This session is for you if you:

- Are considering retiring in the next 5 years
- Aren't sure when to sell or how to get started
- Want to get the highest price for your practice

- Timing Your Exit

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- Value of Your Practice

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- Valuation Exercise

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- Selling on our Own

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- The “Earn Out” Formula
- Using an Intermediary
- Selling Mindset

A man in a dark suit and tie is seated at a desk, focused on his work. He is looking down at a laptop computer. To his right, a white coffee cup sits on a saucer. The entire scene is overlaid with a semi-transparent blue filter. The text is centered in the middle of the image.

**HOW DO YOU KNOW WHEN IT'S
THE RIGHT TIME TO SELL?**

Your exit plan should factor in:

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- How You Want to Spend Your Time

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- Financial Planning for Lifestyle/Retirement

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- The Length of the Sales Process

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- How You Want to Spend Your Time
- Financial Planning for Lifestyle/Retirement
- The Length of the Sales Process
- The Health of Your Practice

A man with a beard and glasses, wearing a dark suit, white shirt, and tie, is seated at a desk. He is looking down at a smartphone held in his hands. In front of him is an open laptop. To his right, there is a white coffee cup on a saucer. The background is a stone wall, and the overall lighting is dim and moody.

KEY PRACTICE VALUATION FACTORS

The top factors that affect the value of your practice are:

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- Curb Appeal

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- Buyer Fit

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- Terms

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From our experience, the majority of practices sell in the range of 0.9 to 1.3 times gross fees – most on a cash basis.

A man with a beard and glasses, wearing a dark suit, white shirt, and dark tie, is seated at a desk. He is looking down at a smartphone held in his hands. In front of him is an open laptop. To his right, there is a white coffee cup on a saucer. The background is a stone wall. The entire image is dimly lit and has a dark overlay.

PRACTICE VALUATION EXERCISE

CPA Firm – Valuation Example

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Location: Major metro area

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Gross Revenue: \$585,000 / \$552,000 / \$532,000

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Owner Hours: 2100

Billing Rates: 250 / 160 / 85

CPA Firm – Valuation Example

Location: Major metro area

Gross Revenue: \$585,000 / \$552,000 / \$532,000

Cash Flow to Owner: \$295,000 = 50%

Owner Hours: 2100

Billing Rates: 250 / 160 / 85

Office space: leased, recently renovated

CPA Firm – Valuation Example

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CPA Firm – As Listed

Annual Revenue: \$585,000

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Annual Revenue: \$585,000

Asking Price: \$698,000

CPA Firm – Selling Results

Selling Price: \$698,000

CPA Firm – Selling Results

Selling Price: \$698,000

Terms: Cash

CPA Firm – Selling Results

Selling Price: \$698,000

Terms: Cash

Transition: 90 days, 12 months availability for short communications.

A grayscale photograph of a business handshake over a desk. The handshake is the central focus, with one hand wearing a watch. In the background, a laptop is visible on the left, and a hand is seen writing on a document on the right. The overall scene is dimly lit, creating a professional and focused atmosphere.

SELLING ON YOUR OWN

The biggest misconception firm owners have is that is that selling your practice on your own will save you money. The likelihood is excellent that an intermediary will get you more for your practice.

Even after the success fee.

Selling without an intermediary leaves you vulnerable to:

- Less Interested Parties



INVESTING VALUABLE TIME AND ENERGY



Selling without an intermediary leaves you vulnerable to:

- Misinformation and Assumptions



Selling without an intermediary often results in:

**AN UNCERTAIN
TRANSITION**



THE “EARN OUT” FORMULA

THE “EARN OUT” FORMULA

Delayed Payment

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Delayed Payment

“Cherry Picking”

THE “EARN OUT” FORMULA

Delayed Payment

“Cherry Picking”

Transition Time

THE “EARN OUT” FORMULA

Delayed Payment

“Cherry Picking”

Transition Time

Retention Issues

THE “EARN OUT” FORMULA

Acquisition Strategy

vs

Risk Mitigation Strategy

A grayscale background image depicting a business deal. In the upper center, two hands are shaking in a firm grip. To the left, a person's arm is visible wearing a dark suit jacket, a white shirt cuff, and a wristwatch with a light-colored face and dark strap. To the right, another person's hand is shown holding a pen, poised to sign a document on a desk. In the foreground, there are several sheets of paper, some with text and checkboxes, and a laptop keyboard is partially visible on the left. The overall scene is brightly lit, creating a professional and collaborative atmosphere.

USING AN INTERMEDIARY



KEY ELEMENTS OF A SUCCESSFUL DEAL

A Clear Process



KEY ELEMENTS OF A SUCCESSFUL DEAL

A Clear Process

The Right Match



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A Clear Process

The Right Match

Fair Market Value



KEY ELEMENTS OF A SUCCESSFUL DEAL

A Clear Process

Favorable Terms

The Right Match

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Experienced Advice

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Transition Strategy

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**MINDSET: GROW YOUR PRACTICE
TO SELL IT**



SELLING MINDSET



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- **Assess your firm (and yourself)**



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(futurefirm.co)

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(futurefirm.co)
- **Create firm stories**
- **Strategize**

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Questions?



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