Mr Leicester Gouwland

William Buck Christmas Gouwland

Mr Clyde Young

William Buck Christmas Gouwland

Saturday, August 13, 2016

(Room 9)

11:00 - 11:55 WS #88: Valuing Your Business, and Readying To Sell

12:05 - 13:00 WS #99: Valuing Your Business, and Readying To Sell (Repeated)

South GP CME General Practice Conference & Medical Exhibition

Valuing Your Business & Readying for Sale

August 2016

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Agenda

Today we will cover:

- What buyers are in the market?
- What factors influence value?
- What are the main valuation methods?
- Business goodwill vs personal goodwill
- Case study
- What you can do to make your business ready for sale?

What buyers are in the market?

- Existing GP
- Newly qualified GP
- Corporates
- Investors
- Community
- Staff

What factors influence value?

QUIZ

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What are the main valuation methods?

- Market based (comparable sales)
- Earnings based

Consider the pay back period – is it reasonable?

Business goodwill vs personal goodwill

- The more the business relies on the personal skills and relationships of the seller the less the business is worth (personal or professional goodwill).
- The more the business operates without noticing the presence of the owner, the more valuable the business (business or practice goodwill).
- The labour of the GP is not going to be something a buyer will pay goodwill for – but what is a reasonable value of a salary?

Case Study

A GP's business is for sale which has:

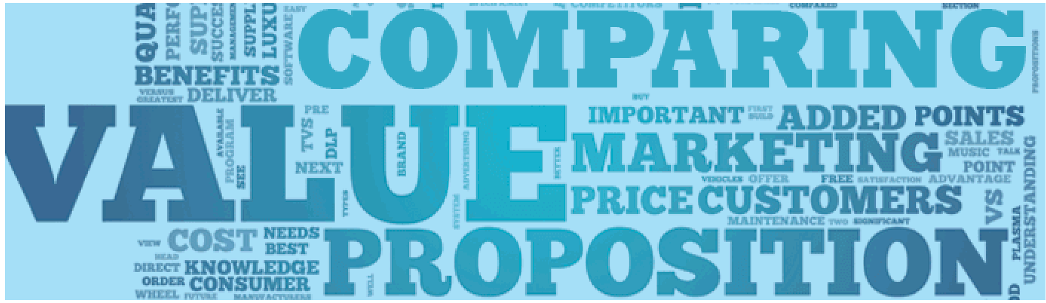
- Earnings before interest and tax (EBIT) is $100,000
- Salary of GP is $200,000
- 1,800 enrolled patients, and
- Revenue of $500,000

The EBIT has been normalised.

What range of values would you put on the business?

Case study continued

What would make the business more valuable than a comparable?



Case study continued

What would make a business less valuable than a comparable?

Case study continued

What can you do to make your business ready for sale and increase its value?

Summary

- Value is a matter of opinion
- Different buyers may assess value differently
- Comparable sales are easy to understand
- Personal goodwill is not transferable
- It is the income stream after a sale that is important
- Cross check values to different valuation methods
- Understand your business, age of patients, competition, locality, etc.
- Work on the items in your business which will make your business more valuable
- Plan a sale well in advance

Disclaimer

"The information contained in this presentation is general and is not intended to serve as advice. Users are encouraged to contact **William Buck Christmas Gouwland Limited** professional advisers for advice concerning specific matters before making any decision."

Thank you

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