



Selling Your Urgent Care? Here's What's Involved

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A large urgent care group has just offered to buy your centers. So now what?

First, get some advice. This process is incredibly time-consuming inasmuch as the amount of material and the degree of detailed information required before a sale is consummated is daunting. Also, the way you position and promote your center and the thoroughness of your disclosures will speak volumes about your abilities and will ultimately be reflected in the eventual purchase price. To that end, find a consultant who understands the industry, the players, and the process and engage him or her early, even before signing the non-disclosure agreement (NDA). Here is an overview of the process:

The Non-Disclosure Agreement

The NDA basically says that neither party (in a bilateral agreement) can disclose information that is not already within the public domain. This does not mean that the purchaser cannot enter your market (unless they agree not to and add it to the document). Nor does it mean that the purchaser cannot use the information to their competitive advantage if a deal is not ultimately consummated.

The Initial Diligence Request

This is a much-scaled-back request for documents and information you have to divulge after the Letter of Intent (LOI). The initial diligence request simply allows the purchaser to estimate the profitability of your business and make you a non-binding offer pending formal due diligence.

The Letter of Intent or Term Sheet

The initial letter may come in a draft format so that by the time

the actual LOI is proffered, all relevant terms will have been previously disclosed and vetted. In the LOI, the buyer makes an offer to buy (as a stock or asset purchase) your business at either a certain multiple (five times earnings before interest, taxes, depreciation, and amortization [EBITDA]) or a specific dollar amount (eg, \$1,500,000). This amount will be contingent on formal due diligence. The LOI will also "lock you down" for a pre-negotiated amount of time. This means that during the diligence period you won't be able to market your centers to other potential acquirers.

The Formal Due Diligence Process

This is where the exhaustive list of documents, contracts, and financials is required. Often this period lasts 45-90 days, depending on your ability to gather and present all the requested information, as well as the purchaser's level of engagement and ability to devote staff to evaluating the business. During this period, you will be in frequent contact with the prospective buyer's acquisition team. Also, during this period, the buyer will request an opportunity to tour your centers and interview key staffers.

The Closing

This is the phase where all the details are hammered out by the parties' advisors and legal teams. As the owner, you will be asked to review Investor Rights Agreements (if you are retaining some stock), Stock Purchase Agreements, Employment and Non-Compete Agreements, and Transfer Restriction Agreements. Once reviewed and negotiated, these documents are signed during the formal closing. The closing is often the most time-consuming and nerve-racking part of the process. However, when it is finally over, the usual response is: "That was worth every minute. I never want to do it again!"

Get some help and go into these discussions with your eyes wide open. The good news is that I know the majority of the groups that are acquiring centers and, for the most part, they are led by individuals who have solid reputations for fair business dealings. That said, at the end of the day, it *is* business and they have a duty to strike the best deal possible—as do you. ■



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