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## **How Will You Leave Chiropractic? Developing a Viable Exit Strategy**

By Tom Necela, DC

This is a topic that almost no one speaks about in our profession, but it is an issue all of us will eventually have to face. This topic is an "equal opportunity offender" and is generally considered unpleasant by all. It makes no difference whether you have a \$2 million practice or barely scrape by; whether you have just started your chiropractic career or have spent decades caring for patients; whether you are in solo practice for yourself, a group practice with other DCs or are an associate working for someone else.

Here's the cold, hard fact: Someday we will all leave the chiropractic profession. Unfortunately, even though it is not a question of *if* you will leave, the vast majority of chiropractors fail to plan *how* or *when* they will leave the profession. In short, most of us lack a viable chiropractic exit strategy.

I use the term *viable* because even if you fail to plan an exit strategy, you have one. It's just not a very good one. In time, an exit strategy will be chosen for you (namely death or disability) or you will be forced to act quickly and come up with an exit strategy on the fly. None of these is a good idea that will adequately reward you for a lifetime of your contribution toward improving the lives and health of your patients.

### **The Problem With Failing to Plan**



Failing to plan typically forces doctors to either shut down

their practice and get nothing for their efforts or quickly throw their practice up for sale. In the business brokering industry, this is aptly named a "fire sale." You can expect to deeply discount the value of your practice for any prospective buyers if you have hastily put your practice on the market.

The other problem with a practice sale that is not well-planned is that it is typically poorly timed. For most of us, we spend the early part of our career building our business; if we graphed the growth and profitability of our practice at this stage, it would generally resemble an uphill sloping line. After we gain some momentum, the practice starts generating more revenue and eventually we "flatline" and reach our peak in terms of growth and income.

If we are fortunate, we can ride out this peak for a while before the practice actually starts to decline. The decrease in practice usually occurs because we are getting tired of seeing volume, we decide to take more time off or we just begin losing interest in doing the things necessary to grow our business.

So, if a graph of our practice growth in revenue resembles the typical bell curve, here is the bad news: 95 percent of all chiropractors begin planning their exit strategy while they are on the downward slope, slightly before they hit rock bottom. Obviously this is the worst possible time to begin thinking about how you will leave practice - other than avoiding the issue entirely and leaving it up to your surviving relatives.

Since many chiropractors commonly try to exit chiropractic through the traditional sale route, this means they will sell their practice for a fraction of what it is worth because they allowed the value of the practice and their entire career of hard work to dwindle away. Sadly, this appears to be the default mode for most chiropractors.

### **The Sobering Reality of Chiropractic Retirement**

Some take a different route and try to hire associates to provide retirement income. Many DCs attempt to grow their practice through the use of associates or hire them so they can slow down or take time off.

Here's how this typically occurs. Once you begin to tire, you hire a new guy to work for peanuts and hope they eventually buy your practice. At the beginning, everyone is hopeful and enthusiastic. The young doc has been promised that someday, "all this will be yours."

The problem is that "someday" is left undefined and the owner doctor also has failed to place specific milestones or concrete criteria in place for when that someday arrives. "All this" really isn't all that because after working for a year or so, the associate feels that they are contributing to the practice. Again, the owner doctor typically leaves out details on what exactly is going to be transferred, how and when.

After a year or so, it becomes apparent to the associate that there definitely is a carrot-and-stick game going on, but they feel unsure if they can ever actually grab that carrot. Having learned some skills, built some confidence and (if fortunate) saved some money, the associate decides to leave to the frustration of the owner doctor. And yet, despite its massive flaws and miserable success rate, this is another commonly chosen route toward "retirement" in chiropractic!

### **The Single Biggest Chiropractic Retirement Success Factor**

Now that you are thoroughly depressed, let me give you some good news. While it is obvious that the routes most chiropractors choose to leave practice are riddled with problems, the solution is rather simple. In fact, the single biggest factor that contributes to chiropractic retirement success is simply this: have a plan. While this solution is almost offensively simple, it is exceedingly accurate. Chiropractors who plan their exit strategy fare better than those who fail to plan at all or than those who procrastinate.

Be careful. "Simple" does not mean "easy." Planning for your retirement or transition from chiropractic is not always a pleasant task. It may involve a variety of tasks that have been on your "to do" list for quite some time, but never get done. You may need to clean up long-standing messes that exist in your practice to maximize the profit potential of your business and command a premium sale price; or face the facts that your desired retirement time frame and your practice's readiness to transition are not in sync. But anyway you slice it, the sooner you begin planning, the better.

## **The Ultimate Exit Strategy: Maximize Your Practice**

Now that your head is spinning, consider this: While chiropractors make incomes that are above average for many people in this country, our debt load, poor financial planning, business structure and exit strategy (or lack of it) have most of us scrambling to find money to retire in the same manner as everyone else.

Fortunately, there's a way to be in that select 5 percent who can actually retire without diminishing their present lifestyle. It involves maximizing the often overlooked asset that you are presently growing - your practice. Most chiropractors will spend decades building their businesses up, only to give it away in the end. Planning will help prevent you from doing this and being one of those sad statistics.

And even if you are young in practice or are far from retirement, you still need a strategy and a plan to get yourself there. I have seen too many DCs crushed at the end of their career when they realize what some planning early on could have done for them.

Start today by asking yourself some questions (**see table**). If you are closing in on your retirement years and would like a more detailed analysis, e-mail me ( [info@strategicdc.com](mailto:info@strategicdc.com)), noting that you read this article, for a free copy of my "Exit Plan Readiness Test" that I give to clients who are considering transitioning from practice.

The typical chiropractor spends less time planning how they will leave their practice and profession than preparing for a family vacation. And the success of the typical "exit strategy" shows it. However, you can definitely avoid these lousy results and the financial devastation that goes with them. In fact, you can have the ultimate exit strategy - however you define it - if you have a plan and work to achieve it! But it all starts with the plan.

Face reality, your fears and the future and plan how you will leave chiropractic. As the well-known motivational speaker Jim Rohn once said: "We must all suffer from one of two pains: the pain of discipline or the pain of regret. The difference is discipline weighs ounces while regret weighs tons."

### Questions to Ask Yourself Before You Retire From Chiropractic

While it is beyond the scope of this article to discuss all that goes into developing a successful chiropractic exit strategy, there are definitely some questions you want to ask yourself in beginning to formulate your plan.

- Do you have a concrete game plan in place for *when* you will leave chiropractic and *how* you will meet that milestone?
- Would you like to slow down and "retire in practice" or sell out completely and walk away?
- Would you like to be able to take some time off periodically, repeatedly, or take extended vacations? How does your current infrastructure support you doing that?
- Who is going to run your practice if/when you are injured, disabled or dead?
- Do you have a realistic idea of what practices are currently selling for or what your asking price will be?
- Are you tired, hurting or just plain "burned out" because you see no end in sight?
- Do you have a viable, tangible plan for hiring an associate and transitioning them toward a buy-in or buy-out opportunity?
- Are you financially able to support your current lifestyle with a change in income?

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