

FREQUENTLY ASKED QUESTIONS

What is my business worth?

Many factors determine the value of your business including revenue and profitability trends, size and location, service mix, payor mix, referral diversity and future earnings risk.

How much does it cost to have a professional value my business?

Mertz Taggart does not charge a fee to give you an opinion of the value of your business, with no obligation for future services.

When should I sell my business?

Timing is key. There is always a market for strong, well-managed businesses. Owner's personal and professional goals, along with company performance, are key to determining "the right time." It is typically easier to justify a higher valuation for a company that is growing. You also need to determine how much money you will need (after tax) to continue to live your current lifestyle.

How long does it take to typically sell a company?

The time frame varies by company, but it typically takes 6-8 months to locate the right buyer, complete due diligence, negotiate the purchase agreement, and close the sale.

How do I sell my company without my employees, referral sources or competition finding out?

Maintaining confidentiality is paramount to a successful transaction and will need to be managed throughout the process. We are sensitive to the issue and will work with you to maintain this, from the initial contact with buyers, to conducting due diligence, to key employee retention.

Do I need to hire an M&A intermediary to sell my business?

Selling a company is a time consuming process that requires diligent oversight. Most owners know very little about the advisor's role in a transaction. A good M&A intermediary will provide marketing, lead the sales process, ensure confidentiality, keep the project on track, and negotiate on your behalf. The biggest benefit of using an advisor is to create a competitive process which ALWAYS creates more value for the owner.

It is also crucial for the owners to stay focused on running and growing the business so exit value is maximized.

Should I ask my accountant or attorney to find a buyer for my company?

While they are important in the process, he or she will most often not be an expert in marketing companies, creating a competitive environment with multiple potential buyers, or negotiating the most favorable terms on your behalf. You will most likely be leaving money on the table.

If I pay for a professional valuation, will that ensure that my business sells for the highest price?

No. The current market, competition among the right strategic buyers, and managing the competition among buyers will help maximize the value of the company in the marketplace.

If I sign an engagement agreement with you, do I have to sell the company?

You are never required to accept an offer, and have total discretion with regard to accepting, counter-offering, or rejecting any offer that is presented.

What size companies do you represent?

Typically we work with companies that have an expected selling price between \$5 million and \$100 million.

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Why should I use someone who specializes in healthcare to represent my company?

In order to maximize the value of your business in the marketplace, the business must be presented properly to the right buyers who have the strongest strategic interest in your company. You will want an intermediary who is immersed in healthcare and can maintain a clear view of the ever-changing healthcare landscape. An industry-specific intermediary interacts with healthcare buyers on a daily basis to understand their respective growth strategies.

What are buyers looking for in a business?

Typically, buyers look for low risk with reasonable returns, stable management, a diverse referral and client base, favorable growth trends, healthy gross profit margins, IT and management infrastructure that sustain growth, realistic growth strategies, financial controls, and an appearance of business consistent with seller's valuation expectations.

Why do some transactions not close?

Trust. Some transactions don't close because of a surprise that shows up during due diligence. It is critical to disclose any issues or potential problems up front. It is very difficult to regain the buyer's trust once a seller's credibility has been compromised.

Business Downturn. It's important for the seller to continue to focus on sustaining or growing the company during this period. A qualified M&A intermediary will manage the sale process while you continue to focus on your operations.

What are the tax consequences of selling my business?

It depends on the structure of the sale as well as your corporate structure. Typically LLC's or S-Corporations have more favorable tax consequences when compared to C-corporations, but every situation is different. It is important to involve a CPA and a qualified deal-making attorney who has healthcare transaction experience.

What is Adjusted EBITDA?

Conventional earnings before interest, taxes, depreciation, and amortization (EBITDA) revised to reflect market-value owner compensation, and to exclude the effects of nonrecurring revenue and expense.

Will I have to stay on after the sale? If so, how long?

Typically the current owner(s) will stay on for a period of time to ensure a smooth transition or the owner may sell a portion of the company and stay on until the company sells again in the future. It may be in their current role or just as a consultant for some pre-arranged time frame. This could be for as little as 30 days or multi-year. The former owners' stay period and compensation are negotiated as part of the transaction up front.

Where will the closing take place?

This typically depends on the buyers and their attorneys. However, most closings are done electronically. Signature sheets are emailed or faxed to both parties after review by attorneys. After both sides have signed all necessary documents, the funds are wired into your bank account.

We encourage you to contact us by phone or email for an initial assessment of your business.