ADVANCED FINANCE, MODULE 6

Preparing for a sale

Advanced 5 told you what a clinic is worth. This one is about the process: what a buyer asks for, the documents you will need, the meetings you will sit in, and why the owners who get full price started years before anyone made an offer. Written from the other side of the table.

Why start today, even if you never sell

A buyer will read three years of monthly financials. A lender sizing a loan for your second location will read the same. A partner buying in, a divorce, a disability, an unsolicited offer from a group that is consolidating your market: every one of these is a valuation, and every one of them uses the books you are keeping right now. The habits that set the multiple (Advanced 5) take two to three years to show up in the numbers. Nobody sells in year one, and year one is when the price is set.

> **The arithmetic of starting early.** Harbor Aesthetics at $228,000 of adjusted EBITDA is worth $684,000 at 3x and $1,368,000 at 6x. The gap is documentation, recurring revenue and provider independence. None of those can be built in the six months before a sale.

How a sale actually runs

Preparation, 3 to 6 months

Books cleaned and closed, add backs documented, a quality of earnings review sometimes done on the sell side first so there are no surprises. The story of the clinic written. The buyer list built.

The CIP, week 1 to 4

The Confidential Information Memorandum, or CIP: the 30 to 50 page document that presents the clinic to buyers. History, services, the team, the market, three years of financials, the adjusted EBITDA bridge, growth levers, and what the seller wants. Buyers decide whether to spend time on you from this document. It is written by your advisor with you, from your books.

Outreach and first bids, month 2 to 3

The teaser (one page, no name) goes to the buyer list. Interested buyers sign a non disclosure agreement and receive the CIP. They submit indications of interest: a price range and a structure, non binding.

Management presentations, month 3 to 4

The shortlisted buyers meet you. Two to three hours each. They ask about everything: why patients come, why staff stay, what happens if the lead injector leaves, what the membership churn is, where the growth comes from. You present the clinic; they test whether the numbers are real and whether you are someone they can work with through an earnout.

Letter of intent, month 4

One buyer is chosen. The LOI sets price, structure (cash at close, earnout, rollover), and an exclusivity period. From here the price only goes down, never up. Everything after the LOI is the buyer checking whether what you said is true.

Diligence, month 4 to 6

The buyer's accountants run a quality of earnings review: they rebuild your EBITDA from bank statements, payroll registers, the booking system and source documents. Their lawyers read every contract, lease, license and consent form. Their operators interview your team. The data room holds everything they ask for.

Close

Purchase agreement, funds, and the day after, when you work for someone else for a while.

The management presentation, in practice

This is the meeting that most often changes the price, in either direction. What buyers are actually deciding: is this clinic worth what the CIP says, and is this owner going to make the transition work? What helps:

- **Know your six numbers cold.** Revenue per provider hour, treatment margin, members and churn, cost per new patient, rebook, cash. If you have read a scorecard every month for three years, you already do.
- **Bring the people who will stay.** A lead injector or a manager in the room says the business is not you.
- **Tell the truth about the weak spots before they find them.** Provider concentration, a soft service line, a lease with two years left. Named by you with a plan attached, they are a discussion. Found by them, they are a discount.
- **Practice.** Your advisor should run you through the hard questions twice before the first real meeting.

The data room: what they will ask for

Category	Documents	Where it comes from if the books are kept right
Financial	36 months of P&L and balance sheets, accrual; reconciliation reports; the add back schedule with support; tax returns; budget versus actual	The monthly close (Finance 4). A folder, not a project.
Revenue detail	Revenue by service line, by provider, by month; membership adds, cancels, deferred revenue roll; patient counts, new and returning; retention	The scorecard, every month (Finance 5)
People	Org chart, payroll registers, provider contracts, commission plans, medical director agreement, licenses	Payroll provider and the compliance file (Finance 6)

Contracts	Lease, equipment loans and leases, service plans, software, vendor agreements, the management services agreement if there are two companies	The contract list from the sprint (Finance 6)
Operations	Written protocols, consent forms, inventory counts, marketing spend by source	Operations 3, Marketing 1 and Marketing 4

What kills deals, or reprices them

- **Revenue that cannot be rebuilt from the bank.** Packages booked as revenue on sale, cash that never hit the books, a booking system that does not tie to deposits.
- **Add backs without paper.** Every adjustment needs the invoice or the payroll line behind it. The ones in the owner's memory are worth nothing (Advanced 4).
- **A compliance gap.** A medical director agreement that is not real, delegation the state does not allow, missing consents. Buyers' lawyers find these in week one.
- **One person.** The owner or one injector at more than a third of revenue. Priced as a risk, structured as an earnout.
- **Surprises in the earnout definition.** The earnout is measured on the same EBITDA definition you agreed at signing. Know it before you sign.

How a deal is paid

Rarely all cash. Typical structures in the 2026 advisor reports: 60 to 80 percent cash at close, 10 to 25 percent in an earnout paid later if the clinic hits agreed targets, and sometimes a rollover where you keep a stake in the buyer's company. Structure is negotiable and it is where an advisor earns the fee: a lower headline with more cash at close often beats a higher one with a large earnout you do not control.

> **Where Benchmark comes in.** Nate has built the data packs buyers dig through, helped write the books they read, and sat in the meetings where buyers question management. Exit preparation is a service we quote separately: a valuation range today with exactly what a buyer would mark down, the fixes in order, the data room built from your monthly close, the CIP, and practice for the meetings, with us beside you through the process. The retainer is what makes it a folder instead of a project.

Try it yourself

- [ ] List every document in the data room table above that you could produce this week. Count the ones you could not.
- [ ] Write the three hardest questions a buyer could ask about your clinic. Answer them on paper.
- [ ] Estimate the share of treatments you personally perform. If it is over a third, that is the first thing to change.

Check yourself: Advanced 6

The CIP is

- The purchase agreement
- The document that presents the clinic to buyers, built from three years of books
- A tax form

Buyers decide whether to spend time on you from it. It is only as good as the books under it.

After the letter of intent, the price

- Usually goes up in diligence
- Only goes down; diligence is the buyer checking whether what you said is true
- Is final

Every surprise found in diligence is a reprice. The work is done before the LOI.

In a management presentation, a weak spot is best

- Left out
- Named by you with a plan attached
- Blamed on the market

Named by you it is a discussion; found by them it is a discount.

A quality of earnings review is

- A patient survey
- The buyer's accountants rebuilding your EBITDA from bank statements and source documents
- An IRS audit

Clean, closed, reconciled months pass it in weeks. Open books take months and lose value.

Why start preparing years before a sale?

- Advisors like long engagements
- Buyers read three years of financials, and the drivers of the multiple take years to show up in them
- You do not need to

Recurring revenue, provider independence and clean books are built over years, not in the six months before a sale.

Pick an answer for each question.

Want this done, not just explained?

The 10-Day Sprint finds the leaks for $1,000, one time. After that, on the plan, the scorecard keeps coming and at least one growth initiative is executed with you every month. Plans from $2,299 a month. Everything in this module is part of that work.

See the sprint and pricing | Text Nate

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