

# How to Buy a Practice for Free- well, almost free!

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# Figure out where you want to practice

- ▶ Do you want to live where it's desirable?
- ▶ Or
- ▶ Live where you make the most money?

Contact all doctors in your city who are over 63 years old

Search VSP website and look at their license number-eg. #8500 graduated around 1986

- ▶ Ask if they are interested in selling their practice in the near future

# What is today's average practice like?

Average yearly gross income is \$600,000

It sells for about 60% of gross = \$400,000

It's financed over 10 years = \$50,000 (includes interest)

# Important expenses when looking at a practice's tax return

- ▶ Look at the past three years profit/loss statements
- ▶ Evaluate:
  1. Staffing- 21%
  2. Rent- about 8%
  3. Cost of Goods- 28%

## Calculate Revenue per Patient (RPP)

(One year's total Gross income / Total refractive exams)

Example: Gross	\$600,000
Total refractive exams/yr	2000
Revenue per patient	\$300

# Important Metrics to track RPP

▶ Progressive lenses (% of total lenses)	28%
▶ Anti-reflective coatings	55%
▶ Transitions	18%
▶ POF(patient's own frame)	17%
▶ Polycarbonate/Hi-index lenses	55%

How to find an extra \$50,000 in the practice?

Let's look at it's numbers