



1



2

### FINANCIAL DISCLOSURES




Dr. Helmus has no relevant financial relationships to disclose. The content and format of this course is presented without commercial bias and does not claim superiority of any commercial product or service.

3

### INTRODUCTION: SNAPSHOT

- Both Parents Retired ODs
- OD > CEO



	DR. JULIE HELMUS
LOCATION	Northern CA
YRS IN PRIVATE PRACTICE	8
# OF LOCATIONS	1
2022 GROSS	\$3.5M
# ASSOCIATES	4 O.D.s
# FTE STAFF	22
OTHER	Extreme practice make-over 2019-2022

4

## DISCLAIMERS: PERSONAL FACTORS

- OD-Owner's:
  - Age
  - Physical and Mental Health
  - Support systems
  - Appetite for patient care
  - Practice management competence
  - Tolerance: change, stress, risk
  - Access to capital
  - Financial savvy
  - Goals

EACH  
SITUATION IS  
UNIQUE

5

## DISCLAIMERS: PRACTICE FACTORS

- State laws
- Tax implications
- Business structure
- Partners
- Real Estate
- Quality of Patient Base
- Local market/competition
- Payor mix
- Staff
- Age of practice
- Associate(s)
- Cash flow
- Debts, etc., etc., etc.

EACH  
SITUATION IS  
UNIQUE

6

## ASSEMBLE A TEAM OF ADVISORS

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Financial Advisors:                     <ul style="list-style-type: none"> <li>• CPA/Tax Advisor</li> <li>• Financial Advisor</li> <li>• Lender</li> <li>• Broker</li> <li>• Realtor</li> <li>• Real Estate Appraiser</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Non-Financial Advisors:                     <ul style="list-style-type: none"> <li>• Lawyer</li> <li>• HR consultant</li> <li>• Optometry Practice Management Consultants</li> <li>• Contractor</li> <li>• Equipment Vendors</li> </ul> </li> </ul> |
|---|--|

7

## CASE STUDIES

1. Luna Family Optometry
2. Midwest Eye Professionals
3. ~~Happy Valley Optometry~~



8

## UNDERSTAND INDUSTRY NORMS

COGS	20-28%
Non-OD Staff: Wages + Benefits	25-30%
OD Wages + Benefits	15%
Occupancy (rent, utilities, janitorial, security)	7%
Other (supplies, marketing, legal, insurance, IT, subscriptions, etc)	12%
Owner Net	8-21%

9

## SWOT ANALYSIS

- Strengths
- Weaknesses

}

**Internal** to Organization  
(result of things we do & can directly control)

- Opportunities
- Threats

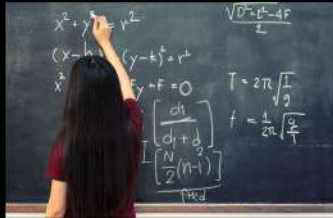
}

**External** to Organization  
(pressures from profession/marketplace but which we can influence)

10

## Practice Valuation Methods \$\$

- Wing it?
- Comps: comparable practice sales in area?
- Hire a consultant?
- Get more than one appraisal?
- Ultimately, it's what the two parties agree on!



11

## 6 Practice Valuation Methods \$\$

1. % of 3-yr Avg. Annual Gross Top-Line Revenue (i.e. collections)
2. % of 3 yr. Avg. Weighted Net
  - 2A. [(Weighted average net)+ (Assets )+ (Adjusted A/R)] x (Multiplier up to 120%)
  - 2B. (Weighted average net) + (Assets) + (Goodwill)
3. 3-Year Average EBITDA x Multiplier
4. 3-Yr Ave Weighted EBITDA x Multiplier (Increasing revenue)
5. 3-Yr Ave Weighted EBITDA x Multiplier (Decreasing revenue)

Numerous Other Methods Exist! Assets & Earnings, Capitalization of Earnings, Debt Service, Discounted Free Cash Flow, etc.

12

### Practice Valuation Methods: Example Practice \$\$

- Single owner practice
- Annual collections for past 3 years:
  - Year 1: \$1,000,000
  - Year 2: \$950,000
  - Year 3: \$1,050,000
  - 3-yr avg = \$1M
- 3-yr average net income = \$100K
- Owner Salary + Benefits = \$200K
- Interest, Taxes, Depreciation, & Amortization Expenses = \$55K

13

### Practice Valuation Method 1: Percentage of 3-Year Average Annual Gross Revenue \$\$

- Calculate 3-yr average annual gross revenue (i.e. collections)
- Negotiate multiplying factor: Typically, 65%-70%
- Practice Value = (3-yr avg. annual gross revenue) x (factor)

3-yr avg. Gross Revenue	x	Negotiated Factor	=	Practice Valuation
\$1,000,000	x	70%	=	\$700,000

inadequate

14

### Practice Valuation Method 2: Percent of 3-Year Average Annual Weighted Net \$\$

- Definitions:
  - Average Net = [Net Income] + [Total Costs for all ODs working in practice, incl. Owner(s)]
  - Weighted Avg. Net = (Avg. Net for 3 most recent years)/3
  - Goodwill = 3 x Free Cash Flow (i.e. Net Income)?

3-yr. Avg. Net Income	+ Total Costs for Doctors	+ Current Market Value Assets	+ Adjusted A/R or "Goodwill"	Sum of Columns 1-4 x multiplying factor	= Practice Valuation
\$100,000	\$200,000	\$150,000	\$90,000 A/R	120%	\$648,000
\$100,000	\$200,000	\$150,000	\$300,000 Goodwill	n/a	\$750,000

(assuming real estate is NOT part of sale)

15

### 6 Practice Valuation Methods \$\$

1. % of 3-yr Avg. Annual Gross Top-Line Revenue (i.e. collections)
2. % of 3 yr. Avg. Weighted Net
  - 2A. [(Weighted average net)+ (Assets )+ (Adjusted A/R)] x (Multiplier up to 120%)
  - 2B. (Weighted average net) + (Assets) + (Goodwill)
3. 3-Yr Average EBITDA
4. 3-Yr Ave Weighted EBITDA (Increasing revenue)
5. 3-Yr Ave Weighted EBITDA (Decreasing revenue)

**EBITDA-BASED VALUATION METHODS**

16

### WHAT IS "EBITDA"?

DEFINITION: Earnings Before Interest, Taxes, Depreciation, & Amortization

NET REVENUE	+	INTEREST	+	TAXES	+	DEPRECIATION	+	AMORTIZATION	+	PERSONAL OWNER EXPENSES THRU BIZ
-------------	---	----------	---	-------	---	--------------	---	--------------	---	----------------------------------

PRACTICE VALUE	=	EBITDA	x	MULTIPLIER
----------------	---	--------	---	------------

- A measure of a practice's ability to generate free cash flow
- EBITDA is generally ~20% (+/-4%) of income
- Multiplier to be negotiated, typically 5x-10x

17

### Practice Valuation Method 3: 3-Yr Average EBITDA with 5x Multiplier

Net Revenue	+ Interest/Tax/ Depreciation/ Amortization Expenses	+ Addbacks for Owner(s) Expenses	= EBITDA	Practice Valuation with 5x Multiplier
\$100,000	\$55,000	\$45,000	\$200,000	\$1,000,000
If: \$150,000	\$55,000	\$45,000	\$250,000	\$1,250,000
If: \$200,000	\$55,000	\$45,000	\$300,000	\$1,500,000

18

### Practice Valuation Methods 4 & 5: Weighted EBITDA

Weighted EBITDA =

$$\frac{[(EBITDA \text{ from } 3 \text{ yrs ago} \times 1) + (EBITDA \text{ from } 2 \text{ yrs ago} \times 2) + (EBITDA \text{ from last year} \times 3)]}{6}$$

PRACTICE VALUE	=	WEIGHTED EBITDA	x	MULTIPLIER OF 4.25
----------------	---	-----------------	---	--------------------

Review of Optometric Business, Mark Wright & Carole Burns, "How to do a Practice Valuation", Aug. 8, 2018, <https://www.reviewcb.com/how-to-do-a-practice-valuation-2/>

19

### Practice Valuation Method 4: Weighted EBITDA Multiplier (Increasing revenue)

Net Revenue	+ Interest/Tax/ Depreciation/ Amortization Expenses	+ Addbacks for Owner(s) Expenses	= EBITDA by Year	Weighted EBITDA Practice Valuation @ 4.25x multiplier
Yr 1: \$90,000	\$55,000	\$45,000	\$190,000	
Yr 2: \$100,000	\$55,000	\$45,000	\$200,000	
Yr 3: \$110,000	\$55,000	\$45,000	\$210,000	\$864,167

20

Practice Valuation Method 5: **Weighted EBITDA Multiplier (Decreasing revenue)** \$\$

Net Revenue	+ Interest/Tax/Depreciation/Amortization Expenses	+ Addbacks for Owner(s) Expenses	= EBITDA by Year	Weighted EBITDA Practice Valuation @ 4.25x multiplier
Yr 1: \$110,000	\$55,000	\$45,000	\$210,000	
Yr 2: \$100,000	\$55,000	\$45,000	\$200,000	
Yr 3: \$90,000	\$55,000	\$45,000	\$190,000	\$835,833

21

Comparison of All 6 Valuations \$\$

70% of 3-yr Avg. Gross Revenue	3-yr Weighted Avg. Net Revenue	EBITDA #1 (3-Yr. Avg. EBITDA with 5x Multiplier)	EBITDA #2 (3-Yr. Weighted Avg. EBITDA with 4.25x Multiplier & ↑ Revenue)	EBITDA #2 (3-Yr. Weighted Avg. EBITDA with 4.25x Multiplier & ↓ Revenue)
\$700,000	\$648,000 (AR & 120%)	\$1,000,000	\$864,167	\$835,833
	\$750,000 (goodwill)			

\$352,000 Swing: \$648,000 to \$1,000,000

22

**LOVE IT OR LI\$T IT**

CASE STUDY #1:  
Luna Family Optometry

23

**CASE STUDY #1: LUNA FAMILY OPTOMETRY**

Year Founded	1978
Square Footage	4,000 sq ft, 5 lanes
Location	Adjacent to OMD & Retina, nearby trails
Year Built	2004
Occupancy	2-yr lease, family members own 1/3 of building
EHR	Maxim-Eyes
FTE ODs	1.5
Equipment	IPL, OCT, Optos, 1 Marco auto-phoropter
Payor Mix	70% VCP, 30% Medical

24

## CASE STUDY #1: LUNA FAMILY OPTOMETRY

YEAR	GROSS REVENUE	NET	NET %	COGS %	STAFF %	OD %
2018	\$1,113,000	\$111,000	10%	29%	26%	8%
2019	\$1,113,000	\$29,000	2%	24%	32%	13%
2021	\$1,227,000	-\$121,000	0	23%	29%	14.5%

25

## CASE STUDY #1: LUNA FAMILY OPTOMETRY

STRENGTHS	History, reputation, facility
WEAKNESSES	Location (rural), owner appetite, OMD arrangement, high no-show rate (>10%), marketing, metrics tracking, manager
OPPORTUNITIES	IPL, increase exams/OD hour, capture more reviews, marketing
THREATS	Cash flow/bankruptcy, labor pool, OD pool

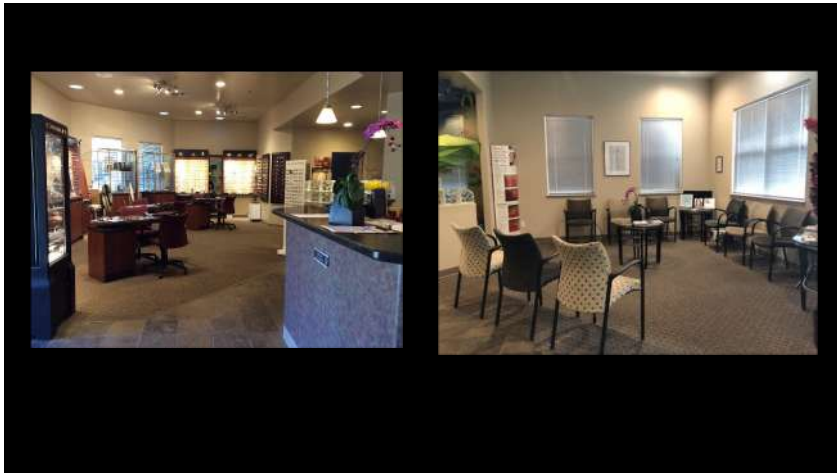
26



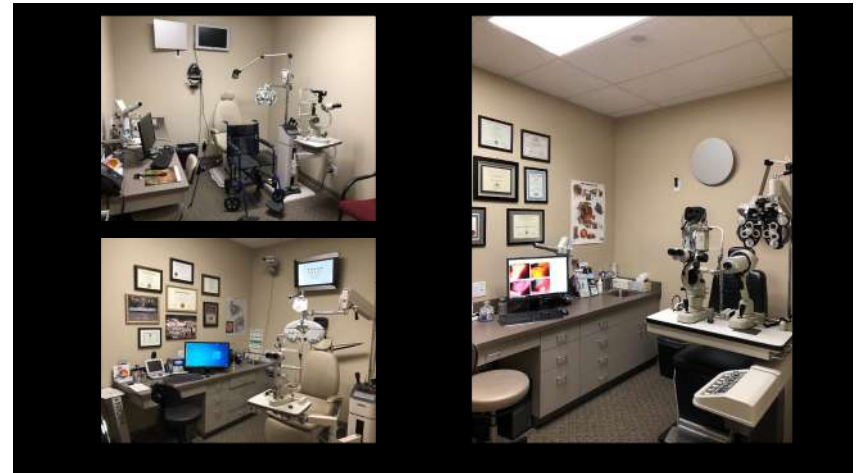
27



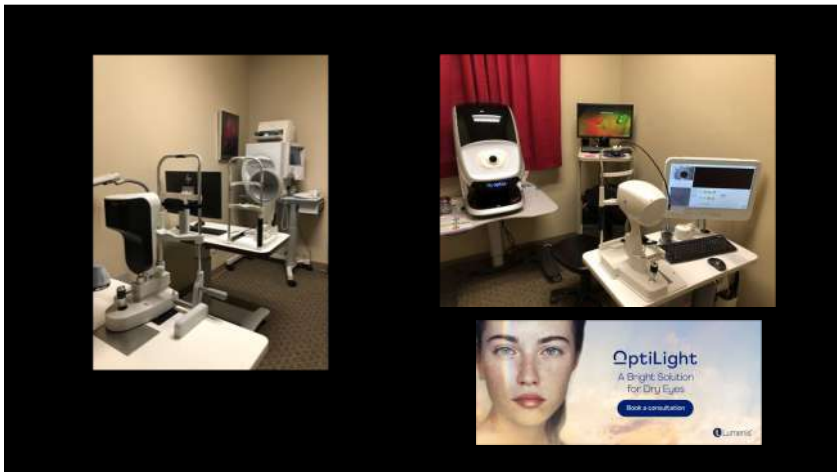
28



29



30



31

CASE STUDY #1: LUNA FAMILY OPTOMETRY

“LOVE IT” BUDGET?



OptiLight  
A Bright Solution  
For Dry Eyes  
[Book a consultation](#)  
Lument

32



## CASE STUDY #1: LUNA FAMILY OPTOMETRY

- REDUCE EXPENSES:
  - Lens Lab
  - Credit Card Merchant Fees
  - Contact Lens Rebates
  - Buying groups for frames

OOP COST: TIME

33

## CASE STUDY #1: LUNA FAMILY OPTOMETRY

- Dismiss Office Manager (\$24/hr FT plus benefits & payroll taxes = approx. \$60,000)
  - Severance and Release Agreement
  - Empower Team Leads: (1) Optical (2) Tech (3) Front Desk
  - Hire Remote help:
    - Examples: EyeHelpYou, Hello Rache, DATAppointment
    - \$9.50/hr x 40 hrs/wk x 48 wks = \$18,240/year
    - Job Duties:
      - Texts, emails, voicemails
      - Appointment confirmation calls, recalls/overdue list
      - Misc. billing
      - Misc. owner admin: metrics, etc.

**SAVINGS: \$41,760**  
+ PLUS INCREASE REVENUE BY REDUCING NO-SHOW RATE

34

## CASE STUDY #1: LUNA FAMILY OPTOMETRY

- End OMD relationship
  - Not profitable
  - Focus on core business operations: comp exams, glasses sales, contact lens sales
  - Less staff stress > higher retention
  - OMD Tech available to support ODs
- Schedule:
  - Comp exams: down from 45 min to 30 mins. Health checks: 15 min
    - Will necessitate the hire of 1 more optician Separate scheduling column for medical testing
    - Increase comp exams from avg 10/day to avg 14/day
    - $[(48 \text{ wks/yr} * 7.5 \text{ doc days/wk} * 4 \text{ more pts/day}) - (\text{no shows } 6\%)] * \text{RPP} \$350 = \$473,760$

**ANNUAL ↑ REVENUE: \$474,000**

35

## CASE STUDY #1: LUNA FAMILY OPTOMETRY

RECURRING INVESTMENTS		ONE-TIME INVESTMENTS	
YELP Ads	\$270/mo.	Associate Facebook Campaign	\$500
Consulting	\$450/mo.	IPL "Open House" Events	\$2,000
New Bookkeeper	\$200 more/mo.	Hire newbie videographer	\$750
<b>TOTAL</b>	<b>\$920/mo.</b>	<b>TOTAL</b>	<b>\$3,250</b>

TOTAL EXPENSES: Yr 1 = \$14,290  
Yrs 2+ = \$11,040 (i.e. \$920/mo)

36

### CASE STUDY #1: LUNA FAMILY OPTOMETRY

Valuation Method	Multiplier	Valuation	Assumption(s)
#1: 70% of 3 Yr Avg Annual Gross Revenue =	0.70	<b>\$805,816</b>	No real estate for any option
#2: % of 3 Yr. Avg. Wtd. Net (+ Assets + Adj. A/R x multiplier)=	1.20	<b>\$475,558</b>	Adj. A/R=\$110K; Assets=\$200K
#3: % of 3 Yr. Avg. Wtd. Net + Assets + Goodwill =	n/a	<b>\$685,298</b>	Adj. A/R=\$110K; Assets=\$200K
#4: 3 Yr Avg. EBITDA with Multiplier Option A =	5.00	<b>\$902,124</b>	
#5: Wtd. EBITDA Option B (x multiplier) =	4.25	<b>\$725,010</b>	

37

### VOTE: WHAT WOULD YOU DO?

1. **Luna Family Optometry**
2. Midwest Eye Professionals
3. Happy Valley Optometry

LOVE IT OR LIST IT

38

### WHOM TO TARGET FOR PRACTICE PURCHASE?

- New/Recent Grad vs. Seasoned OD
- Associate/Partner
- Competitor
- List on job board/with broker
- Corporate Entity
- Private Equity




39

### WHAT IS PRIVATE EQUITY (PE)?

- An investment class consisting of capital not listed on a public exchange
- Institutional & accredited **investors** who can dedicate large sums of capital for extended time periods to:
  - Fund new technology
  - **Make acquisitions (Optometry)**
  - Expand working capital; &/or
  - Bolster/solidify balance sheets

<https://www.investopedia.com/terms/p/privateequity.asp> Private Equity, Chen, J. March 2022



40

## Why is PE Interested in Optometry?

SOLD

- Mainly larger practices: > \$1,000,000 gross revenue
- Relatively recession-resistant
- Excellent growth potential
  - Demand for eyecare services will continue to grow in the U.S., especially for age-related conditions
  - Demand > supply (of eyecare providers) for decades

41

## WHO IS PRIVATE EQUITY (PE)?

Optometry Examples:

- MyEye Dr
- Keplr Vision
- Waud Capital
- VSP Ventures
- Medical Optometry America, etc.

2021 [www.focusbankers.com](http://www.focusbankers.com), PE in Ophthalmology

42

## Private Equity Market Share

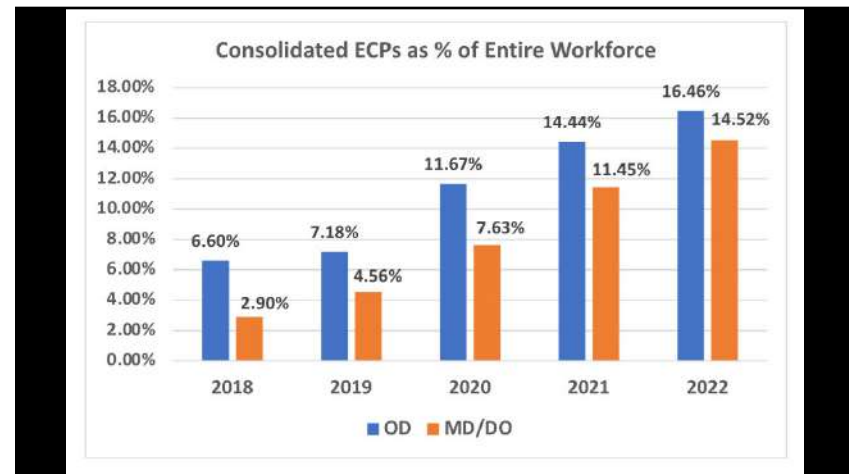
SOLD

- Dentistry (stable 20% market share)
- In actual numbers this represents approximately:
  - 7,771 optometrists of the 47,209 in the U.S. in 2022
  - 2,440 of the 16,810 practicing ophthalmologists in 2022
- These market share numbers do **not** include the providers in entities such as LensCrafters, Pearle Vision, Costco Optical or Walmart Vision Centers.

	2018	2019	2020	2021	2022
OD	6.60%	7.18%	11.67%	14.44%	16.46%
MD/DO	2.90%	4.56%	7.63%	11.45%	14.52%


\* July 2022, Reivew of Optometric Business: <https://www.reviewob.com/how-fast-is-private-equity-in-optometry-growing/>

43



44

## SELLING TO PRIVATE EQUITY (PE)



**Pros:**

- Established formulas/process
- High valuation
- Name recognition?
- Keep most staff
- Strong HR/benefits?
- Relatively fast transaction

**Cons:**

- Seller stays as employee
- Letting go
- Practice changes
- Re-sale?

45

## CASE STUDY #2



1. Luna Family Optometry
2. **Midwest Eye Professionals**
3. Happy Valley Optometry

46

# LOVE IT OR LI\$T IT

CASE STUDY #2:  
Midwest Eye Professionals

47

## CASE STUDY #2: MIDWEST EYE PROFESSIONALS

Year Founded	2004
Square Footage	6,000 sq ft, 9 lanes
Location	Stand-alone, poor visibility & signage, condos
Year Built	2004
Occupancy	lease
Docs	2 FT O.D.s, 1 PT OMD
Equipment	Manual phoropters, Optos, OCT, ERG, etc
EHR	Revolution
Payor Mix	75% Medical, 25% VCP

48

## CASE STUDY #2: MIDWEST EYE PROFESSIONALS

STRENGTHS	History/reputation, high medical, large clinic size, tenured staff, scribes, whip-smart OD
WEAKNESSES	OD pool, OMD arrangement, optical capture rate, owner burn-out, owner limited savings/investments
OPPORTUNITIES	Another 1-2 Associates, real estate, population increase, colleges nearby
THREATS	Landlord, previous manager (laid-off)

49

## CASE STUDY #2: MIDWEST EYE PROFESSIONALS

YEAR	GROSS REVENUE	NET*	NET %	COGS %	STAFF %	OD %**
2019	\$2,206,000	\$198,000*	9%	22%	35%	17%**
2021	\$2,168,000	\$181,000*	8.4%	21%	32%	18%
2022	\$2,481,000	\$151,826	6%	21%	32%	15.4%

\*NET includes rent income paid by hospital for OMD  
 \*\*OD includes: "Salaries-optometrist" plus "salaries-officers"

50



51



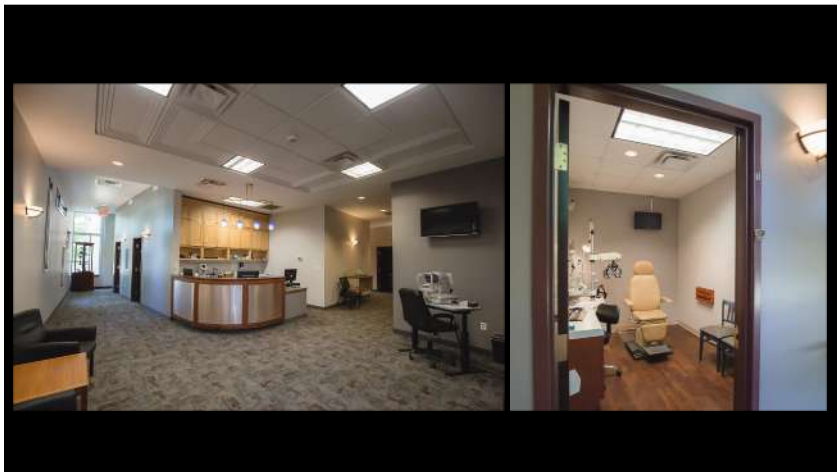
52



53



54



55

## CASE STUDY #2: MIDWEST EYE PROFESSIONALS

#1 Priority: Owner Burn-out → Find Associate

ONE-TIME INVESTMENT	COST (RANGE)
Video to Recruit Associate	\$6,000 - \$8,000

Quote from Moxley Studios:

- Co-create a script
- script professionally voiced
- Owner to list the tech, features, and city attractions you find most compelling
- 1-2 days of filming at practice and features in the city
  - Doctors/staff must be available
  - Clients/models/ actors
- About 2 weeks of post production (editing)
- 1-2 rounds of revisions

Example:

<https://www.dropbox.com/s/twcm560sv005c/OptomericOpportunity2018.mp4?dl=0>

56

## CASE STUDY #2: MIDWEST EYE PROFESSIONALS

#1 Priority: Owner Burn-out  Find Associate

ONE-TIME INVESTMENT	COST (RANGE)
Firm to Acquire Associate	\$16,000-25,000/OD

Firms:

- ATS Vision Recruiter
- KMK careers

57

## CASE STUDY #2: MIDWEST EYE PROFESSIONALS

#2 Priority: Optical

ONE-TIME INVESTMENT	COST (est)
On-Site Consultant to help with Capture Rate	\$4,000
Optical Business cards	\$200
ABO licensure, reference materials, for optical staff	\$1,175
Uniform allowance	\$1,500
Paging system?	\$3,000
TOTAL	\$9,875

Re-open during lunch hour !

58

## CASE STUDY #2: MIDWEST EYE PROFESSIONALS

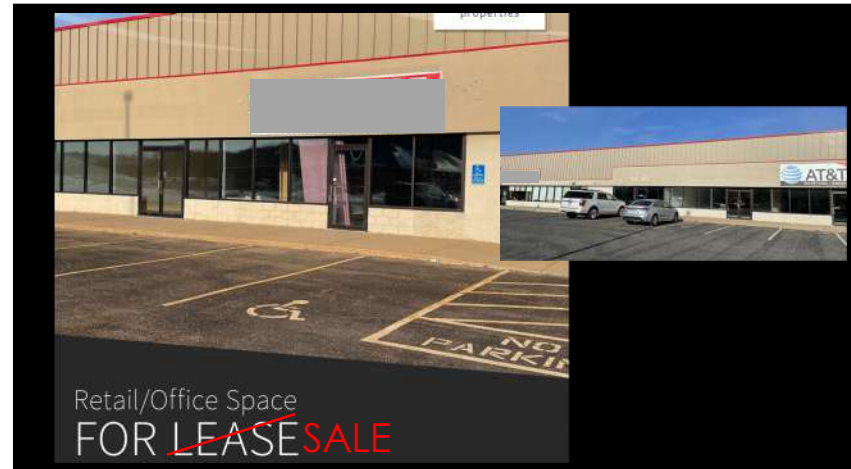
#3 PRIORITY: LEASE VS. OWN

- Occupancy > 7%, no option of full-ownership
- Build out (expensive, stressful)
- Purchase existing commercial real-estate: limited options  Broker

One Site Identified:

- Same street, 2 miles away
- Extremely visible location, lots of traffic, easy access to Highways
- Ample off-street parking
- 20,189sf, 6 units:
  - Two avail for clinic build-out: 5,000 SF
  - Four tenants: (1) AT&T (2) Dialysis (3) Pediatric autism therapy (4) Plumbing parts

59



60



61



62

### DO YOU WANT TO BE A LANDLORD?

Headaches/Barriers:

1. Down payment
2. Financing
3. Build-out
4. Moving

Will it cash-flow?

CAP Rate:

- Property's Net Operating Income (NOI) divided by its asset value
- An assessment of the yield of a property over one year
- Example:
  - A property worth \$2 million, generating \$150,000 of NOI, would have a cap rate of:  $150,000/2,000,000 = 7.5\%$

	Estimated			Comments
	Jan - Dec 22	Jan - Dec 21	Jan - Dec 20	
Operating Income/Expense				
Total Income	184,584	200,100	178,922	*Tenant left
Expense				
Business Meeting Meals Expense	462	140	459	
Common Area Maintenance	12,749	26,748	12,379	Roof repair
Insurance Expense	5,985	5,490	6,820	
Miscellaneous Expense	637	910	162	
Office Supplies	19	98	55	
Property Management Expense	6,775	7,487	6,728	
Repairs and Maintenance	230	277	3,269	Door repair
Taxes - Property	38,660	38,614	38,556	
Tools, Equipment and Machinery		815	-	
Travel Expenses	524	274	579	
Utilities	1,580	5,038	4,522	*Tenant left
Total Expense	69,740	88,351	72,680	
Net Operating Income	84,820	111,820	106,254	

63

### DO YOU WANT TO BE A LANDLORD?

	Suite	Current Rent	CAM	Property Tax	Total Rent Income per Month					
					2022	2023	2024	2025	2026	2027
Plumbing Products	Warehouse	\$718	291	\$295	\$1,304	\$1,304	\$1,304			
AT&T	100	\$3,768	793	\$397		\$4,958	\$5,071	\$5,188	\$5,307	\$5,430
Suite 200 estim. OPTOMETRY CLINIC	200	\$2,084	834	\$417		\$1,667	\$3,435	\$3,538	\$3,644	\$3,753
Suite 300 estim. OPTOMETRY CLINIC	300	\$2,099	840	\$420		\$1,679	\$3,459	\$3,563	\$3,670	\$3,780
Dialysis	400	\$6,981	928	\$1,148	\$9,057	\$9,197	\$8,744	\$8,880	\$9,010	
Pediatric Autism Therapy	500	\$1,006	794	Incl. in CAM	1,800					
<b>Total Monthly</b>					\$12,161	\$18,806	\$22,013	\$21,169	\$21,632	\$12,964
<b>Total Annual</b>					\$145,933	\$225,668	\$264,155	\$254,030	\$259,579	\$155,565
Estim CAP Rate Based on Purch Price										9.4%
Annual Property Tax Estim.					\$40,000					
Annual CAM Estim. - assumes 8% COL					\$43,200					
Annual Increase Estim.					3%					

\*Cap rate 2018: 7.7% based on \$108,000 NOI and \$1.41 sale

\*Assumes 1/2 Year Occupancy for Stes. 200 and 300 in 2023

\*Assumes 5 Year Lease

64



### CASE STUDY #2: MIDWEST EYE PROFESSIONALS

Valuation Method	Multiplier	Valuation	Assumption(s)
#1: 70% of 3 Yr Avg Annual Gross Revenue =	0.70	\$1,536,328	No real estate for any option
#2: % of 3 Yr. Avg. Wtd. Net (+ Assets + Adj. A/R x multiplier)=	1.20	\$1,170,560	Adj. A/R=\$220K; Assets=\$500K
#3: % of 3 Yr. Avg. Wtd. Net + Assets + Goodwill =	n/a	\$1,055,467	Goodwill=\$300K; Assets=\$500K
#4: 3 Yr Avg. EBITDA with Multiplier Option A =	5.00	\$2,607,098	
#5: Wtd. EBITDA Option B (x multiplier) =	4.25	\$2,467,241	

65

### VOTE: WHAT WOULD YOU DO?

1. Luna Family Optometry
2. **Midwest Eye Professionals**
3. Happy Valley Optometry

**LOVE IT OR LIST IT**

66

#### LEASING PROS

#### LEASING CONS

Rent is tax deductible	No control
Doesn't affect personal credit score	No equity over time
Greater flexibility if move needed	Rent \$\$ goes into "black hole"
Shorter terms than mortgage	Less security: lease renewals
Rent \$\$ less than mortgage \$\$: improved cash flow	Building ownership could change hands
Deposit less than down payment	Less long-term security
Entry into desirable RE market	
Less responsibility/headaches	
Less risk?	
Easier for practice transition?	

67

#### OWNING PROS

#### OWNING CONS

Equity	Large down payment
Independence	Higher monthly payments
Control	Risk of Property Value Depreciation
Tax Benefits	Responsible for Liability, Structure & Content Insurance
Stable mortgage payments	Responsible for Repairs/Maintenance
Additional Revenue Stream	Less mobility/flexibility: more difficult to move
Long-Term Security	Default → Neg Personal Credit Score
Practice Transition Appeal	Practice Transition Complexity

68

## Real Estate: Summary

- The decision whether to lease or to buy office space should be a business decision, not an emotional one
- Utilize your CPA: analyze tax benefits and cash flow implications of each option.

69

## CLOSING ARGUMENTS

96

## WHY "LIST IT"?

- NON-FINANCIAL REASONS (PULLS):
  - Clock in and out
  - Rest & relaxation!
  - More time with family/hobbies!!
- NON-FINANCIAL REASONS (PUSHES):
  - No more EHR/HR/etc.!!!
  - Staff drama, demands, negotiation, turn-over
  - Target for lawsuits
  - Internet outages, IT, HIPAA, credentialling, authorizations, billing
  - Professional isolation

97

## WHY "LIST IT"?

- FINANCIAL REASONS:
  - Cash out now for large lump sum or monthly payouts, which you can enjoy &/or invest
  - You can always buy or start another practice & flip it, too!
  - You're going to have to sell at some point (at least we hope so!!)

98

## WHY "LOVE IT"

- NON-FINANCIAL REASONS:
  - Pride and joy
  - Stimulation, challenge, reward: even the 1% matters
  - The opportunity to innovate and evolve
  - Wow patients; stand out
  - Easier to attract top talent; build your own team
  - Set up your practice so it works for you
  - Necessary steps to progress from OD > CEO > Business Owner
  
- FINANCIAL REASONS:
  - Higher annual income, compounded over a career
  - Higher practice resale value...

99

## OWNER VS EMPLOYED OD

Self-employed ODs  
made an average of  
**\$215,634 in 2022**

Employed ODs  
made on average of  
**\$141,635 in 2022**

Consider that difference over a 25-to-40-year career

100

## OWNER VS EMPLOYED OD

<https://www.bankrate.com/investing/investment-goal-calculator/>

101

*"Practice ownership continues to be the path to greater financial gain for optometrists."*

*Review of Optometric Business*

102

## OWNER VS EMPLOYED OD

Intangible Benefits

- Control
- Pride
- Power

Tangible Benefits

- American tax system rewards owners
  - Tax deductions:
    - Professional dues
    - Travel
    - Health & disability insurance
  - Eventual Sale of Practice



103

## THANK YOU!

Dr. Julie Helmus, OD  
Helmus Optometry  
[dr.julie.helmus@helmusoptometry.com](mailto:dr.julie.helmus@helmusoptometry.com)

104

**On behalf of Vision Expo, we sincerely thank you for being with us this year.**

**Vision Expo Has Gone Green!**

We have eliminated all paper session evaluation forms. Please be sure to complete your electronic session evaluations online when you login to request your CE Letter for each course you attended! Your feedback is important to us as our Education Planning Committee considers content and speakers for future meetings to provide you with the best education possible.

105