

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

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## Your Three-Year Path To Owning a Practice

Nathan Hayes  
Director of Financial Services, IDOC



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### Disclosure

**Nathan Hayes is a full-time employee of IDOC and the director of Books & Benchmarks.**

**All relevant relationships have been mitigated.**

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### Who is Nathan Hayes?

- Director of Financial Services at IDOC
- Built and Manage Books & Benchmarks
  - 1000+ practice evaluations
  - 3000+ Financial statements
    - Overhead and profitability
    - Mergers & Acquisitions
    - Compensation and bonuses
    - Partnership agreements
    - Practice valuations




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### Start With 'Why?'

Why are YOU interested in owning a practice?

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### Start With 'Why?'

Why are YOU interested in owning a practice?

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# What's Holding You Back?



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**FORTUNE EDUCATION** NEWS | CAREERS | FINANCE | MORE

**Top majors with highest median wages**

The Under data from the Fed shows that the top 10 college majors with the highest median wages among bachelor's degree holders produce 12 to 17 percent less.

1. Computer Engineering \$74,000
2. Computer Business \$73,000
3. Aerospace Engineering \$71,000
4. Chemical Engineering \$70,000
5. Electrical Engineering \$69,000
6. Industrial Engineering \$68,000
7. Mechanical Engineering \$67,000
8. Manufacturing Engineering \$66,000

**Review of Optometry, December 2022**

**2022 Income by State in Practice**

State	Income
TX	\$80,000
GA	\$75,000
FL	\$70,000
CA	\$65,000

Optometrists in VA, WA, and NY are PPPV (75%) or a mix of PPPV (75%) and a mix of PPPV (75%).

Median income for 2022 is \$74,000. 2022 income for 2022 is \$74,000. 2022 income for 2022 is \$74,000.

Income of VA, WA, and NY are PPPV (75%) or a mix of PPPV (75%) and a mix of PPPV (75%).

Median income for 2022 is \$74,000. 2022 income for 2022 is \$74,000. 2022 income for 2022 is \$74,000.

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## ROI on Optometry School

Starting Wage for New OD Grad	\$120,000
Starting Wage for STEM Grad	\$74,000
<b>Difference</b>	<b>\$46,000</b>
Annual Payments on Student Loan	\$26,645
<b>Net Increase After Loan Payments</b>	<b>\$20,645</b>

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## What Is a Practice Worth?



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## Valuation Methods

- Asset Approach
- Market Transaction Approach
- Income Approach
- Debt-service Approach

14

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## Debt Service Model

Gross Revenue	\$600,000	
Practice Net Income	\$174,000	
Practice Net Income %	29%	
Associate Pay	\$0	
Owner's Net Income	\$174,000	
Student Loan Payments	\$28,643	*\$215k, 10 yrs, 6.0%
Practice Loan Payments	\$43,738	*10 yrs, 4.0%
Remainder for Buyer	\$101,619	

\*10% of Revenues  
\$360,000

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### Getting Ready

"**REVENUE** is a number that measures how many **PATIENTS** we cared for and how much **CARE** we gave them."

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### Getting Ready

# of Comprehensive Exams x Revenue per Exam  
=  
Total Collected Revenue

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### Getting Ready



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## Getting Ready



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## Getting Ready



23

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## Buy, Open, or Partner?

### Acquisition Considerations

- Pros
- Existing Patient Base
  - Tenured Staff
  - Revenue, Profit, and Cash Flow From Day One
  - Built out and Equipped

- Cons
- Existing Patient Base
  - Tenured Staff
  - Revenue, Profit, and Cash Flow From Day One
  - Built out and Equipped

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## Buy, Open, or Partner?



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## Buy, Open, or Partner?

### Cold Start Considerations

- Pros
- Choose Your Own Location
  - Pick Your Own Staff
  - Choose Your Own Equipment
  - Build Patient Base On Your Terms

- Cons
- Choose Your Own Location
  - Pick Your Own Staff
  - Choose Your Own Equipment
  - Build Patient Base On Your Terms

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## Buy, Open, or Partner?



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## Buy, Open, or Partner?

### Partnership Considerations

- MUST trust your potential partner
- Be HYPER-communicative and HYPER-transparent
- Is there enough profit to pay multiple owners?
- Compensation formula is critical
  - Production
  - Management
  - Equity
- Clearly defined exits for all parties

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## What You Need To Remember

### Practice owners have more:

- Freedom to practice how they want
- Income to pay off loans faster and build greater wealth
- Control of time and work life

Practices ARE affordable, because they cash flow more than the debt required to buy them

When you're ready, there are great resources out there to help

29

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