

# NAVIGATING THE PRIVATE EQUITY COURTSHIP



The intricate dance of mergers and acquisitions bears similarities to the stages of a romantic relationship.

**BY TONY STERRETT**

**T**he negotiations between a private equity (PE) firm's mergers and acquisitions (M&A) team and an ophthalmology practice can be likened to the stages of a romantic relationship, progressing from a tentative exploration to a strategic partnership.

Like any relationship, it can change over the long term. It is therefore advisable to engage a consultant to help you secure the best possible deal—both financially and emotionally.

## **FEELING A SPARK: INITIAL CONNECTION AND DUE DILIGENCE**

The M&A process begins with an initial connection. The PE firm's M&A team identifies your ophthalmology practice as a potential match. This phase involves the equivalent of a first date—the initial contact and exploration of mutual interests. Due diligence—getting to know the other party better—plays a crucial role in the relationship's long-term success. The M&A team assesses the financial health, operational efficiency, and growth potential of your practice.

During this time of cautious exploration, both parties seek to understand the other's strengths and identify potential challenges. If a mutual interest in continuing is established, the relationship moves forward.

## **DATING: A FOUNDATION OF TRUST AND NEGOTIATIONS**

Next, you and the M&A team engage in negotiations, the dating period of the business courtship. Building trust at this stage is paramount and mirrors the deepening connection between individuals in a burgeoning relationship.

Negotiations involve careful discussions of terms, valuations, and a future vision for the practice. Like the shared experiences and compromises involved in dating, both parties work to find common ground. Trust is established not only through financial transparency but also through open communication about each party's expectations.

## **GETTING SERIOUS: INTEGRATION AND CULTURAL ALIGNMENT**

If negotiations are successful, the courtship progresses, and the PE firm and your practice work toward a seamless union. This stage involves aligning the cultures of the two entities. The M&A team aims to integrate their expertise and operational strategies into the fabric of your practice without disrupting its core values. A successful integration ensures a harmonious working relationship by minimizing disruptions and maximizing the potential for growth.

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## A PE AGREEMENT IS AKIN TO A PRENUPTIAL AGREEMENT. CLEAR COMMUNICATION IS KEY TO SUCCESS.

### MAKING A COMMITMENT: LONG-TERM SUCCESS AND SYNERGY

The culmination of the courtship is a successful merger and the realization of long-term success. This stage reflects the pinnacle of a romantic relationship: Both parties commit to a shared future. Selling your practice to a PE firm is a strategic decision that promises continued growth, access to resources, and operational excellence. The PE firm, in turn, secures a valuable asset in the health care sector and leverages its own expertise to drive success and profitability.

### BALANCING ROMANCE AND STRATEGY

The analogy may be whimsical, but the parallels between a PE firm's M&A process and the stages of a romantic courtship are apt. Both involve a delicate dance of exploration, negotiation, and alignment of interests. The end goal is not just a harmonious relationship but a mutually beneficial partnership that withstands the tests of time and economic fluctuations. Navigating the intricate courtship with a PE firm requires diligence, transparency, and a shared vision for the future. Just as finding the right romantic partner is essential for a healthy, lasting relationship, choosing the right PE firm can determine the success of your practice in the long run. Approach the possibility of selling your practice to a PE firm with the same care and consideration you would devote to any meaningful relationship.

A PE agreement is akin to a prenuptial agreement. Clear communication is key to success. Hard feelings can be minimized or avoided if you obtain the guidance of an experienced consultant. Should you and/or the PE firm become dissatisfied in the future, having a predetermined exit strategy will be worth the time invested in its creation. ■

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