

Top Things to Keep in Mind if You Plan to Sell Your Spa in the Next Five Years

Written by Mara Shorr, BS, CAC, and Jay A. Shorr, BA, MBM-C, CAC



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Some business owners dream of the day they can open their first or fifth location. For others, they've always known the day will come to sell their empire.

Whichever side you land on, the day will come to pass the torch, whether it be your day spa, medical spa, or cosmetic medical and surgical practice. The trick to getting the most bang for your buck with the least amount of stress is to start forming a plan ahead of time.

REALIZE THE POWER OF YOUR ONLINE PRESENCE

Realize the power and importance of your online presence. We find this situation over and over again: you've built a website that is now outdated and drives zero traffic to your location. While word of mouth is one thing when it comes to your current situation, it's hard to put those numbers on paper in order to show the value of your website in terms of generating revenue. We suggest making sure you're focused on the following:

- Use strong search engine optimization (SEO) to generate traffic. This means that when a potential client searches online for services like the ones your location offers, you will come

up at the top. Let's be honest, if you're on page six of Google, you might as well not show up.

- Make sure your name, address, and phone number data is the same across the internet, including sites like Yelp, RealSelf, Facebook, Instagram, and more. Clean up old addresses, business aliases, or misspellings that may have occurred along the way.
- Track the number of leads coming in from each of your digital marketing efforts. Knowing this shows value and will help you achieve a higher price point when selling them with your physical location.

KNOW YOUR LOCATION'S CONVERSION CASCADE

Know your location's conversion cascade and be able to prove it. In other words, how many leads are coming in, how many consultations does that lead to, how many appointments come from those consultations, and how many repeat appointments and clients can be verified. Again, the proof is in the financial pudding. Knowing the lifetime value of each client is key, as well.

KNOW THE RETURN ON INVESTMENT

Know and prove the return on investment (ROI) for everything you do. We strongly suggest being able to show an return on investment of 3.5 to 1, in order to show a strong success in any campaign or piece of equipment.

GET YOUR FINANCIAL HOUSE IN ORDER

Get your financial house in order now. We understand there are certain benefits you're able to enjoy from being an owner of a spa or medical practice, including, but not limited to, car payments, health insurance, and entertainment expenses. But that doesn't mean the new owners will be able to look past the practice's lack of profitability because you've driven a Bentley to the Four Seasons with a \$1,500 per person per month health insurance policy. We suggest taking the time now to be able to get these items in order.

DETERMINE WHAT IS PROFITABLE AND WHAT IS NOT

Determine what's profitable and what is dragging you down. We've seen all sorts of issues that keep a sale from progressing forward, from a long-term lease in a bad location to the new owners being told they need to pay for outdated, unused capital equipment. Take the time to straighten out what's not working within your location now, as the spa will be more appealing and lucrative if potential buyers have less work to do once they acquire your location.

DETERMINE YOUR EXIT STRATEGY

You need to determine how you'd like your exit strategy to take place. For example, do you see yourself staying on as an employee for one year to transition after the sale? If so, consider if you'll be able to mentally handle this. Some owners aren't able to take direction from new ownership, and that is absolutely understandable. Are you looking to bring in a successor before you leave, and, if

so, will that successor come to the table with cash, financing, or sweat equity? Will you sell the business in its entirety or will you retain a part of it, such as the retail shop, the surgery center, or the real estate?

BRING IN A THIRD-PARTY CONSULTANT

Lastly, don't be afraid to bring in a third-party consultant (practice management company, accountant, or lawyer) who has industry experience and will be able to properly guide you along the way. Don't be one of those who say, "I wish I had thought of that ahead of time," because that time is now.



Mara Shorr, BS, CAC II-XIV serves as a partner, as well as the Vice President of Marketing and Business Development for Shorr Solutions, assisting medical practices with the operational, financial and administrative health of their business. She is a Level II - XIV Certified Aesthetic Consultant and program advisor, utilizing knowledge and experience to help clients achieve their potential. A national speaker and writer, she can be contacted at marashorr@shorrsolutions.com

(<mailto:marashorr@shorrsolutions.com>) (<mailto:marashorr@shorrsolutions.com>).



Jay A. Shorr BA, MBM-C, CAC I-XIV is the founder and managing partner of Shorr Solutions. He is also a professional motivational speaker, an advisor to the Certified Aesthetic Consultant program and a certified medical business manager from Florida Atlantic University. He can be reached at jayshorr@shorrsolutions.com (<mailto:jayshorr@shorrsolutions.com>). (<mailto:info@thebestmbs.com>) More information on the awarding practice management consulting company Shorr

Solutions can be found at www.ShorrSolutions.com.

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