



When several buyers want your practice, it is easy to assume the highest number wins. That is rarely how good decisions get made.

In Medical Practice Sales, competing offers often look similar at first glance. A private buyer may offer a strong purchase price but need bank financing. A hospital group may come in slightly lower on price but promise a smoother closing. A private equity backed platform may present the richest headline valuation, then tie part of the consideration to future performance targets that are harder to hit than they appear. On paper, all three can look attractive. In real life, they carry very different risks, timing, tax consequences, and post-closing obligations.

Owners usually spend decades building a practice and only a few months selling it. Buyers do the opposite. They review transactions constantly, know where terms can be tightened, and understand how emotional sellers become once a number feels real. That imbalance is why disciplined comparison matters. If you treat multiple offers like a simple auction, you can leave money on the table even when you accept the largest stated price. If you compare the whole deal, not just the headline, you make a much better decision.

The cleanest sales processes I have seen share one feature. The seller creates a framework before getting attached to any offer. Every letter of intent, every markup, and every “we can be flexible later” promise gets filtered **private practice sales** through the same lens. That approach keeps the process grounded when pressure rises, and it always does.

## Why the top number can mislead

A purchase price is not the same thing as net proceeds, and net proceeds are not the same thing as certainty. Those distinctions sound obvious until a physician owner is staring at an offer that is several hundred thousand dollars above the others.

Consider a simple example. Offer A is \$4.8 million, all cash at closing, with a modest working capital adjustment and a short diligence period. Offer B is \$5.3 million, but only \$3.8 million is paid at closing. The rest depends on an earnout over two years, and the buyer wants a broad indemnification package with a sizable holdback. Offer C is \$5 million, financed by a local bank, with the buyer asking for seller transition support for eighteen months and a consulting agreement whose compensation is built into the total economics.

Many sellers initially rank those offers B, C, A. After careful review, they often reverse the order. The reason is simple. The practical value of each offer depends on what is guaranteed, what is contingent, who controls the contingencies, and how much friction exists between signing and closing.

I have watched physicians become anchored to a number that later shrank under diligence. Accounts receivable were excluded more narrowly than expected. Excess compensation adjustments reduced the valuation. A “customary” working capital target turned out to be higher than the practice historically carried. Staff retention issues created a last-minute request for a price reduction. None of those problems were visible in the headline.

The right comparison starts with asking one blunt question: what will I actually receive, when will I receive it, and what could cause that amount to change?

## Put every offer into the same format

Before weighing terms, normalize the offers. Buyers use different language, different assumptions, and different forms of consideration. If you compare each on its own terms, you will miss important differences.

Create a side-by-side summary that translates every proposal into the same structure. A good comparison includes headline price, cash at closing, notes or deferred payments, earnout mechanics, escrow or holdback, assumption of liabilities, expected tax treatment, exclusivity period, financing contingency, employment terms, and closing timeline. It should also capture softer points that often become hard issues later, such as governance rights, branding changes, noncompete scope, and staff retention expectations.

This exercise alone often changes the conversation. A buyer who looks premium in the first round may become average once you strip away contingent consideration. Another buyer who seems conservative on price may become much more compelling when the tax treatment is cleaner and the path to close is shorter.

One orthopedic seller I worked with received four offers within a fairly narrow range. The spread between the highest and lowest stated values was less than 8 percent. Yet after normalizing the terms, the gap in likely after-tax proceeds at closing was closer to 20 percent. The buyer with the largest nominal number also had the longest diligence period, the widest out clauses, and a retention-based earnout that depended heavily on referrals from one senior physician who planned to cut back after the transaction. The headline was strong. The reality was fragile.

## **The five questions that matter most**

If you need a quick filter, these are the questions that usually separate a solid offer from an expensive-looking mirage:

1. How much cash is guaranteed at closing, after escrow, holdbacks, and debt payoff?
2. What conditions could reduce the price or delay closing, and who controls those conditions?
3. How will the deal be taxed based on structure and allocation?
4. What obligations will the seller have after closing, including employment, consulting, restrictive covenants, and indemnification?
5. How credible is the buyer's ability to close on time, with financing and approvals in place?

Those five questions do not replace legal or tax review, but they force the right discussion early. A seller who gets satisfactory answers there is usually looking at a serious, financeable offer with terms that can be managed. A seller who gets evasive answers is often dealing with a buyer who wants to win the process first and negotiate economics later.

## **Price is a bundle, not a single figure**

Every offer contains several economic components. You need to separate them before judging value.

Cash at closing is the foundation. Most sellers overweight total stated consideration and underweight certainty of receipt. If you are planning retirement, debt repayment, estate planning, or a real estate purchase, timing matters almost as much as amount. A dollar today is not equal to a dollar tied to a future benchmark that someone else measures.

Deferred payments require close scrutiny. Seller notes can work when the buyer is stable and the terms are clear, but they move part of the transaction risk back to the seller. If the practice underperforms, if integration goes poorly, or if the buyer becomes distressed, collection risk becomes real. For many physician sellers, especially those exiting fully, a seller note is less attractive than it first appears.

Earnouts deserve even more caution. They are not inherently bad. In some specialty practices, especially those with strong growth trajectories or ancillary expansion opportunities, an earnout can bridge a legitimate valuation gap. But the details decide everything. Who controls pricing, staffing, scheduling, marketing spend, and referral management after closing? If the buyer controls operations, then the buyer controls much of the earnout outcome. That does not make an earnout unacceptable, but it should lower the certainty value you assign to it.

I often tell sellers to haircut contingent dollars aggressively when comparing offers. A \$500,000 earnout payable under demanding conditions may be worth far less than its face amount. Sometimes it is worth half. Sometimes less. The point is not cynicism. It is realism.

Escrows and holdbacks also affect value. If 10 percent of the purchase price is held back for eighteen months against broad indemnification claims, that is not the same as cash in hand. It is deferred and at risk. The larger and longer the holdback, the more conservative you should be when ranking the offer.

## **Structure can change your net outcome dramatically**

A practice sale is not just a commercial negotiation. It is also a tax event, and structure can materially alter what you keep.

An asset sale may be standard in many Medical Practice Sales because buyers want to avoid unknown liabilities and step up asset basis. From the seller's perspective, though, the tax burden can vary based on entity type, allocation among goodwill and tangible assets, treatment of restrictive covenants, and whether any part of the deal is tied to future services. A stock or equity sale may look cleaner for the seller, but not every buyer will accept it. Some buyers will agree to a hybrid structure or compensate for less favorable treatment through price, though not always fully.

Then there is allocation. Two offers with the same total value can produce meaningfully different tax results if one allocates more to personal goodwill or enterprise goodwill and less to ordinary income items, while the other shifts more value into compensation, covenant payments, or recapture-heavy categories. That is not something to settle at the end. You want your CPA involved early, before terms harden.

I have seen sellers focus so intensely on purchase price that they give away several points of value in allocation. On a multimillion-dollar transaction, that can mean six figures in additional tax. The buyer knows this. Your advisors should too.

## **Certainty of close is a real economic term**

A buyer who closes is worth more than a buyer who retrades late or cannot fund.

This is one of the most underappreciated parts of comparing offers. Physicians understandably focus on price because it is concrete. Closing risk feels abstract until it is not. Once your deal is announced internally, once key staff suspect a sale, and once referral partners start asking questions, a failed process carries costs. Momentum drops. Buyer confidence in the market shifts. The next round of offers may come in lower.

Ask where the buyer's money is coming from. If financing is required, how advanced are lender conversations? Has the buyer completed similar transactions in your specialty and size range? Are there regulatory or board approvals that could lengthen the process? Is the buyer known for broad diligence requests and post-LOI renegotiation? Experience matters here.

A regional dermatology group selling to a first-time physician buyer faces a very different risk profile than a multi-site cardiology platform selling to a repeat strategic acquirer. Neither is automatically better, but the ability

to close should be weighted according to evidence, not optimism.

Exclusivity is part of this analysis. A long exclusivity period given to a buyer with unresolved financing can be expensive. While you are tied up, the buyer learns everything about your practice and you lose leverage with others. Sometimes a slightly lower offer from a proven acquirer with a short path to close is economically superior to a higher offer from a buyer still assembling the deal.

## **The post-closing job may matter as much as the purchase price**

Many practice sales are not clean exits. The physician owner may stay on for two to five years, continue treating patients, supervise providers, help recruit, or support a transition of referral relationships. That means your future work life is embedded in the deal.

This is where I see sellers make avoidable mistakes. They negotiate the purchase price intensely and treat employment terms like side notes. Then six months after closing, they regret the schedule, compensation formula, autonomy limits, reporting lines, or call expectations.

A buyer's culture is not a soft issue. It affects physician retention, staff morale, patient throughput, and the practical experience of the seller after closing. If one offer requires standardized protocols, centralized scheduling, and approval for most capital decisions, while another preserves more local control, those differences have real value. The answer depends on the seller's goals. Some want operational relief and welcome standardization. Others want continuity and physician-led decision-making.

The noncompete deserves special attention. Its length, radius, and trigger conditions can affect your future more than many sellers realize. If you plan to reduce hours rather than retire outright, or if you may later consult, teach, or open a niche cash-pay service, a broad restrictive covenant can become a real constraint. Compare these provisions offer by offer, not after you have emotionally chosen a buyer.

## **Due diligence pressure reveals the true buyer**

Offers are easy to make. Behavior in diligence tells you who the buyer really is.

A disciplined buyer will ask tough questions early and clearly. They will identify reimbursement concentration, compliance issues, staffing gaps, provider productivity trends, lease concerns, and revenue cycle weaknesses in a structured way. That may feel demanding, but it is usually a good sign. They are doing the work required to close.

A weaker buyer often behaves differently. They give a flattering offer, request exclusivity, then expand diligence in waves. Questions become less focused. Small issues become pretexts for price movement. Timelines slip. Advisors are hard to pin down. A seller can spend weeks feeding requests only to hear that "new information" justifies revised economics. It often turns out the buyer never had conviction or financing lined up at the start.

That is why management presentations and early diligence interactions matter when comparing multiple offers. Notice who understands your specialty. Notice who asks operationally intelligent questions. Notice who respects confidentiality and staff sensitivity. Notice who sends decision-makers versus junior deal staff with limited authority. Those are signals, and they predict how the process will unfold.

## **Compare the buyer, not just the bid**

There is a human side to Medical Practice Sales that spreadsheets do not capture.

For many physician owners, the practice is tied to identity, reputation, and patient trust. They care what happens to staff. They care whether the name stays. They care whether patients still see familiar faces at the front desk and whether clinical quality survives the transaction. Those concerns are not sentimental distractions. They are legitimate business considerations, especially when seller transition support is part of the value.

A hospital system may offer strong brand stability but less flexibility. A local physician buyer may preserve culture but have thinner capital resources. A private equity backed group may bring growth capital, stronger recruiting, and operational support, but also more aggressive performance management. The right fit depends on what you want the next chapter to look like.

One pediatric practice owner I know accepted an offer that was not the highest. It was about 6 percent below the top bid. She chose it because the buyer committed to retaining her office manager, preserving the practice location, and allowing a slower clinical step-down over three years. The transaction closed on time, staff stayed, and she later said the lower number was the better economic choice because it reduced disruption and preserved her productivity during the transition. That kind of judgment does not show up in a simple auction mindset.

## **A practical way to make the final choice**

Once revised offers are in, resist the urge to keep everything in your head. Gather your attorney, CPA, and transaction advisor, then force a structured discussion around a small set of weighted criteria. Not every seller needs a formal scoring model, but most benefit from one.

You might weight net cash at closing heavily, then factor in tax efficiency, certainty of close, exposure on reps and warranties, post-closing employment fit, and buyer credibility. The weights should reflect your goals. A seller retiring fully may place maximum emphasis on certainty and taxes. A younger physician rolling equity into a larger platform may care more about future upside, governance, and strategic fit.

What matters is consistency. If one buyer offers a premium price but broad indemnity exposure, give that risk a real discount. If another buyer offers less but with no financing contingency and cleaner allocations, recognize the value of that certainty. Sellers sometimes feel that putting numbers on these trade-offs is artificial. In practice, it prevents emotionally driven decisions.

At this stage, it is also reasonable to ask finalists to sharpen terms. Serious buyers expect some negotiation when there are multiple offers. The key is to negotiate specific points, not vague dissatisfaction. If you want a shorter escrow period, say so. If the earnout metrics are too buyer-controlled, propose objective measures. If the employment agreement lacks clarity on schedule or compensation floors, tighten it now. Precision improves outcomes.

## **When a lower offer is actually better**

This happens more often than people expect.

A lower offer may outperform a higher one when the spread is small and the stronger bid carries meaningful contingencies, financing risk, or tax drag. It may also be better when the buyer has a credible operating model for your specialty, which protects collections and provider retention during the transition. If part of your economics depends on staying productive post-close, a culturally misaligned buyer can destroy more value than an extra few points of headline price can create.

There is also the issue of deal fatigue. Protracted negotiations wear sellers down. Staff sense uncertainty. Performance can soften. Referring physicians notice changes. A buyer able to move decisively through

confirmatory diligence and documentation creates value through speed and reduced disruption. Again, not a soft factor, a real one.

Some of the best transactions I have seen were not the highest initial offers. They were the cleanest combinations of price, structure, certainty, and fit.

## **What disciplined sellers do differently**

Sellers who handle multiple offers well usually share a few habits. They prepare clean financials before going to market. They understand provider compensation and any add-backs that affect adjusted earnings. They know their leases, payer mix, compliance posture, and growth story. They define personal priorities early, whether that means maximizing cash at close, protecting staff, preserving autonomy, or finding a growth partner.

Most importantly, they do not negotiate against themselves. They let the process work. They create competition without chaos, communicate deadlines clearly, and avoid granting premature exclusivity. They understand that choosing a buyer is not just selecting a number. It is selecting a counterparty for one of the most important financial and professional transitions of their career.

That mindset changes everything. It leads to better questions, cleaner negotiations, and fewer surprises after the letter of intent is signed.

A well-run comparison is not flashy. It is methodical. It asks what is certain, what is contingent, what is taxable, what is enforceable, and what life looks like the morning after closing. When you evaluate offers that way, the right decision usually becomes much clearer. The strongest offer is not the one that sounds best in the first conversation. It is the one that still looks strong after every term is translated into real dollars, real risk, and real life.