

# Growing Your Business with Selling as an Exit Strategy

## 3 Buyer Perspectives & What Really Happens



### Participants



- Caring Senior Service: Jeff Salter, CEO
- SeniorBridge: Peter Sosnow, Corporate Development
- ResCare: Brian Bruenderman, Director of Development
- Merrily Orsini, Moderator & Referee



## Caring Senior Service

- In Operation since 1991
- \$14 Million in Annual Revenue
- Mix of Franchise and Corporate Locations
- 9 States and 27 locations
- Focused on Private Pay
- Unique “Manchising” opportunity
- Continued Ownership Possibilities

## Acquisition Appetite & Strategy

- Small as 250K
- Underperforming Single Locations
- Focus on Current Results
- Quick Transactions
- Look for 1-3 Deals per Quarter

## SeniorBridge

- 30 Locations
- 10 States, primarily Northeast and Florida
- 1,300 Employees
- 350 Care Managers part of a National Care Management Network
- Growth by DeNovo startups and Acquisitions including 15 transactions in last 2 years.
- Personalized care management and healthcare services to help people stay at home.
  - Team includes licensed nurses, licensed social workers, and certified caregivers provides high quality care at home that addresses the person's medical, functional and social needs, as well as their emotional well-being.

## Acquisition Appetite & Strategy

- SeniorBridge would acquire Geriatric Care Managers, Private Pay Homecare and Disease Management Companies.
- Location of acquisition and internal resources determine SeniorBridge strategy.
- Profile of acquisition more important than size.
- Most important characteristics & considerations include:
  - Management Talent
  - Reputation
  - Profile
  - Culture
  - Growth Potential

## ResCare, Inc.

- \$1.6 billion LTM Revenue
- 46,000 Employees
- Serving 65,000 People Daily
- 40 States, 8 Countries
- Growth by Acquisition: 15-20 completed/year
- Multiple Service Lines:
  - ResCare HomeCare
  - ID/DD Population
  - Employment & Training Services
  - Youth Services
  - Ancillary Services

## ResCare HomeCare

- \$350 million LTM Revenue
- 170 Branch Locations
- 40 States
- Approx. 20K People Served
- Diverse Payor Mix:
  - Medicaid
  - Medicare
  - Private Pay
  - Comm. Ins./LTC Ins.

## Acquisition Appetite & Strategy

- Platforms for New Service Lines/Service Areas
- "Tuck-In" Acquisitions
- Strategic Growth/Leverage Synergies
- Adjacent/Ancillary Services
- 2009- 20 Completed Transactions
- 2009- Size Range: \$1.3mm- \$20mm
- Past 10 years: 180 Transactions
- Diverse Payor Mix:
  - Medicaid
  - Medicare
  - Private Pay
  - Comm. Ins./LTC Ins.

## What Buyers Look For

- Value Drivers
  - Quantitative Characteristics
  - Qualitative Characteristics
  - Management Concerns
  - Systems
  - Compliance
  - Financial metrics
- 3 Different Perspectives-  
Discussion

## What Buyers Look For

Q & A



## The Acquisition Process

- Identification- Sources
- Initial Qualification
- Analysis & Valuation
- Approvals Needed
- Offer/Letter of Intent
- Due Diligence Process
- Negotiation of Definitive Agreement (DA, APA, SPA, etc.)
- Sign & Close- Timing
- Employee Meetings, Announcement, Licensure
- Description of process- 3 Different Perspectives

# The Acquisition Process

Q & A



## The Deal

- Stock vs. Asset
- Aggregate Consideration – Deal Structure
  - Treatment of A/R & Cash/Working Capital
  - Cash vs. Contingent Consideration
  - Holdback and Reps/Warranties
- Financing Considerations
- Transition Services
- Staff & “Key Employees”

## The Deal

- 3 Different Perspectives
  - What does "typical" transaction look like?
  - How long does it take?
  - What happens to my staff?
  - What do I do afterwards?
  - How do we handle post-closing issues?
  - When is the balance paid & how?
  - Licensure & Management Agreements

## The Deal

Q & A



## Best Practices & Potential Pitfalls

- How to prepare for each step in the process
- What NOT to do!
- Avoid potential "deal killers"
  - Financial
  - Operational
  - HR-related
- Typical surprises, real-life examples
- Post-closing expectations

## Best Practices & Potential Pitfalls

Q & A



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