

HIPPO WEALTH · HIPPO ACADEMY

Hippo Wealth · Hippo Academy · 3E Business Program · eBook 2 · Public Edition

The Essential Guide for Australian Practice Owners

The 3E BUSINESS PRINCIPLES

*The Business Framework Every Australian Practice Owner Needs
— And the 8 Moves That Build a Practice Worth Owning*

Jeffrey Liu

Risk Strategy Specialist & Insurance Expert
Industry Partner, UNSW Business School
Founder, Hippo Wealth · Director, Hippo Academy

This is the public edition of *The Practice Owner's Playbook*. Enrolled clients of the Hippo Academy 3E Business Program receive the enhanced client edition — including the complete Business Risk Audit Template, the Practice Financial Health Scorecard, the Key Person Cover Calculator, and session preparation guides for each chapter. Visit hippowealth.com.au to learn more.

01

PHASE ONE · ENTERTAIN

The Moment Everything Changed

The day you became a practice owner, everything you were trained to do became secondary. This phase helps you understand what that actually means — and what's at stake if you don't.

The CEO Moment — What No One Tells You About Owning a Practice

The day you become a practice owner, everything you were trained to do becomes secondary. Nobody prepared you for this.

Picture the moment. You've signed the papers. The practice is yours — the patients, the staff, the equipment, the lease, the debt. You walk in on your first Monday morning as the owner, and somewhere between checking the appointment book and fielding a question from the receptionist about the broken autoclave, it dawns on you: nobody trained you for this.

Every hour of your education was about clinical excellence. Diagnosis, treatment, outcomes, patient care. These things you know deeply. But the business that surrounds the clinical work — the entity that pays the wages, services the loans, manages the staff, attracts the patients, and ultimately determines whether your career as a practice owner is financially rewarding or financially draining — that was never on the curriculum.

This is not a failure of the practitioner. It is a structural gap in professional education that affects almost every doctor and dentist who makes the transition to ownership. And it has real, measurable financial consequences.

Year
1The
most
finan

The Five Business Skills No Degree Teaches

1. Financial literacy for a business owner. Reading a P&L. Understanding cash flow vs profit. Knowing your break-even point and overhead ratio. These are the instruments a practice owner flies by — and most practitioners arrive at ownership unable to read them.
2. People leadership. Managing a team is fundamentally different from treating patients. Performance conversations, conflict resolution, Fair Work obligations, building a culture — these require an entirely different skill set that clinical training doesn't touch.
3. Business risk management. Understanding which risks could destroy your practice — and which insurance, legal structures, and operational systems protect you from them. Most new practice owners discover their exposures only after they become claims.

4. Marketing and patient acquisition. As an employed clinician, patients were scheduled for you. As an owner, you are responsible for the pipeline. Understanding how to attract, retain, and grow your patient base is a business discipline most practitioners have never needed — until now.
5. Strategic thinking. Where is this practice in 5 years? What is it worth? How do I grow it without it consuming me? How do I eventually exit on my terms? These are questions a practice owner must be able to answer — and most can't, not because they're not capable, but because nobody taught them the framework.

"Clinical excellence earns you patients. Business competence earns you a practice that's worth owning. The two skills are equally important — but only one of them was taught."

The Identity Shift — From Clinician to CEO

The hardest part of the transition to practice ownership is not the business complexity. It's the identity shift. For most of your career, your identity has been defined by your clinical role — your specialty, your outcomes, your patient relationships. You are good at what you do in the consulting room, and that goodness feels like the core of who you are professionally.

Practice ownership asks you to become something different: a business leader who also happens to provide clinical care. The business must not be subordinate to your clinical preferences. It must be managed as a system — with processes, metrics, people, and strategy — so that it generates value independently of any single individual's clinical output, including yours.

This reframe is uncomfortable at first. It feels like a dilution of what matters most. In time, practitioners who make it successfully come to understand that building a thriving, well-managed practice is itself an act of clinical excellence — it creates the conditions for better patient outcomes, better staff wellbeing, and a more sustainable career.

The Three Most Expensive Year-One Mistakes

NEXT STEP

Go Deeper The Year One Survival Guide and Business Risk Audit Tool are in the 3E Business Program. Don't learn these lessons the expensive way. Book a Discovery Call

hippowealth.com.au

The Business Risk Audit —Your Complete Exposure Picture

Most practice owners don't know what they don't know. This chapter changes that — comprehensively.

In my work as a risk strategy specialist, I've audited the risk position of hundreds of medical and dental practices across Australia. The most consistent finding is not that practice owners have made bad decisions. It is that they have made no decisions — because they didn't know there were decisions to make.

Risk management in a clinical practice is not one thing. It is eight distinct categories of exposure, each with its own insurance, legal, and operational solutions. Most practice owners have addressed some of them, partly, by accident. Almost none have addressed all of them, deliberately, as a system.

The Eight Business Risk Categories

6. **Key person risk.**Your practice's entire revenue depends on you — and perhaps one or two other clinicians. If you cannot work for 3 months, 6 months, or permanently, what happens to the revenue? What happens to the loan repayments? What happens to the staff? Key person risk is the most practice-threatening exposure most owners carry, and the most consistently uninsured.
7. **Professional indemnity risk.**A clinical complaint or legal claim against you in your capacity as the practice owner — not just the treating clinician. The transition from employed to self-employed creates a gap in your indemnity cover that most practitioners don't know exists until it's too late.
8. **Business interruption risk.**What happens to your income if the practice must close temporarily — equipment failure, fit-out damage, a cyber incident, a public health event? Most practice owners have never modelled this scenario. Most don't have business interruption cover. And their loan repayments don't stop because the practice is closed.
9. **Employment practices liability.**Unfair dismissal claims, bullying and harassment allegations, psychosocial hazard obligations, workplace injury — Australia's employment liability landscape has become significantly more complex in the past three years. One Fair Work claim can cost \$20,000–\$100,000 in legal costs alone, before any settlement.
10. **Cyber and data liability.**Clinical practices hold sensitive patient health data, Medicare information, and payment details. They are prime targets for ransomware and data breach. The average cost of a data breach for an Australian small business exceeds \$46,000. Regulatory exposure under the Privacy Act adds a further layer of obligation.
11. **Structure and tax risk.**The wrong business structure exposes personal assets to business liabilities, creates inefficient tax outcomes, and can generate retrospective ATO liability through contractor reclassification — particularly relevant for dental practices using associate arrangements.
12. **Public liability risk.**Patient injury on your premises, product liability for materials used in treatment, and third-party property damage are live exposures in any clinical setting. Minimum cover is frequently inadequate for high-patient-throughput environments.
13. **Succession and exit risk.**What happens to the practice's value if you are forced to exit unexpectedly — through death, disability, or partnership breakdown — without a succession plan? Most practices lose 30–60% of their assessed value in an unplanned forced sale.

The 8 Questions Every Practice Owner Should Be Able to Answer

If you answered "no" or "I'm not sure" to more than two of these questions, you are carrying significant unmanaged risk in your practice right now. Not potential risk in theory — actual, live exposure that could result in a claim, a liability, or a financial loss that a proper risk framework would have prevented.

NEXT STEP

Go Deeper The complete Business Risk Audit Template — 47 items across all 8 risk categories — is in the 3E Business Program. Let's map your full exposure together. Book a Discovery Call

hippowealth.com.au

01

PHASE TWO · EDUCATE

Build the Business You Were Never Taught

*Knowledge and tools applied to your real practice — numbers, structures, insurance, people,
and growth strategy.*

Know Your Numbers — Reading Your Practice Like a Business Owner

If you can't read your P&L, you can't run your practice. You're just hoping.

There is a conversation I have regularly with practice owners that goes something like this. I ask them what their break-even point is — the monthly revenue at which all their fixed costs are covered and they start generating a return. Almost universally, they don't know. Not approximately. Not within a range. They simply have not calculated it.

This is not a criticism. It reflects the reality that nobody taught them this is something they need to know. But not knowing your break-even point means you cannot manage toward it in a slow month. You cannot price new services appropriately. You cannot evaluate the true cost of adding a staff member. You are, financially, flying blind.

The Five Numbers Every Practice Owner Must Know

14. Monthly break-even revenue. Total fixed costs (rent, wages, loan repayments, insurance, utilities) divided by your gross margin percentage. Every month that starts below this number, you are losing money before you treat a single patient. Every month above it, you are building wealth.
15. Revenue per chair per day. Your most important operational efficiency metric. It tells you how productively each clinical space is being used. Benchmarking against Australian dental and medical industry averages reveals whether your scheduling, fee structures, or clinical throughput are underperforming.
16. Overhead ratio. Total overheads divided by total revenue, expressed as a percentage. For a well-run dental practice, overheads typically run at 55–65%. Above 70% and the practice is under significant financial pressure regardless of top-line revenue.
17. EBITDA. Earnings before interest, tax, depreciation and amortisation. This is the most common metric used to value a practice for sale. Knowing your EBITDA — and what drives it — tells you what your practice is worth today and what levers you need to pull to increase that value.
18. Collection rate. The percentage of fees billed that are actually collected. For a well-run practice with efficient billing processes, this should be above 98%. Below 95% represents a significant revenue leakage that compounds over time.

68%

Average overhead ratio for Australian dental practices. Practices above 72% are operating under financial stress. Below 60% indicates strong operational efficiency. Knowing where you sit is the starting point for every improvement conversation.

Cash Flow vs Profit — Why Profitable Practices Go Broke

This is one of the most important concepts in business finance — and one that trips up clinically excellent practice owners with surprising regularity. A practice can be profitable on paper while simultaneously experiencing a cash flow crisis.

How? Because profit is an accounting concept — it measures revenue against costs over a period, adjusted for depreciation and accruals. Cash flow is a physical reality — it measures money actually received vs money actually paid out. Timing differences between the two — a large loan repayment, a BAS payment, a slow accounts-receivable month — can create a cash shortfall even in a profitable month.

The solution is a 13-week rolling cash flow forecast — a simple forward projection of expected cash in and cash out that gives you 90 days of financial visibility. Practice owners who use this tool never face a surprise cash crisis. Those who don't occasionally find themselves unable to meet payroll in a month where the P&L shows profit.

KEY INSIGHT

Practice Valuation Basics Most practices are valued using an EBITDA multiple — typically between 2.5x and 4.5x EBITDA for Australian medical and dental practices, depending on location, growth trajectory, systems, and owner-dependency. A practice generating \$400,000 in EBITDA might be valued at \$1M–\$1.8M. Understanding this formula helps you make smarter investment decisions about what to build inside your practice — because not all investments increase EBITDA equally, and some that look like costs are actually value-building activities.

KEY INSIGHT

Practice Valuation Basics

NEXT STEP

Go Deeper The Practice Financial Health Scorecard benchmarks your practice against Australian industry averages. Know exactly where you stand — and where the gaps are. [Book a Discovery Call](#)

hippowealth.com.au

Business Structure & Legal Foundations — Getting It Right from Day One

The structure you choose when buying or building your practice has financial and legal consequences that last decades. Most practitioners choose wrong.

Of all the decisions a practice owner makes in the acquisition process, the choice of business structure is the most consequential — and the most frequently made without proper advice. It is also, frustratingly, one of the hardest to unwind after the fact. Restructuring an incorrectly established practice costs time, money, and tax — sometimes tens of thousands of dollars that proper upfront advice would have cost a fraction of.

The Structure Options — What Each One Actually Means

- Sole trader / personal name. The simplest structure — and the highest-risk. All business income is your personal income, taxed at marginal rates. All business liabilities are your personal liabilities. Your home, your investments, your super (in some circumstances) are all accessible to a creditor. For a practice owner with significant personal assets, operating in personal name is a significant and unnecessary risk.
- Company. A separate legal entity. Limited liability — creditors can claim against the company, not your personal assets (with some exceptions). Taxed at 25–30% on retained earnings. Can be used as a trustee for a trust structure. Suitable for many practice owners, particularly those with significant retained profits.
- Discretionary family trust with corporate trustee. The most flexible and most tax-effective structure for many high-income practice owners. Income can be distributed to beneficiaries at lower tax rates. Assets held in trust are protected from most personal creditor claims. Requires proper deed establishment, annual trustee resolutions, and appropriate beneficiary structure.
- SMSF. Can own the practice premises — generating rental income inside the concessional tax environment of super. Cannot directly own the operating practice. Used in conjunction with another operating structure.

Buy-Sell Agreements — The Document Every Multi-Owner Practice Needs

If your practice has more than one owner — or if you are planning to bring in a partner or associate buyer — a buy-sell agreement is not a nice-to-have. It is essential. A buy-sell agreement is a legal document that specifies what happens to each owner's share of the practice in specific trigger events: death, permanent disability, retirement, relationship breakdown, or voluntary exit.

Without one, these events are resolved by negotiation under pressure — typically when one party is grieving, financially stressed, or legally adversarial. The result is almost always worse for everyone than a pre-agreed framework would have been. The document is best established at the beginning of a partnership, when everyone is aligned and no conflict exists.

A buy-sell agreement should be supported by adequate life and TPD insurance on each owner — so that when a trigger event occurs, the funds to execute the agreement are immediately available rather

than requiring the surviving partner to fund the buyout from personal resources or practice cash flow.

NEXT STEP

Go DeeperThe Structure Selection Framework and Contractor Compliance Checklist are in the 3E Business Program. Understand your current exposure — and what to do about it. Book a Discovery Call

hippowealth.com.au

Business Insurance — The Complete Protection Picture

Most practice owners have some insurance. Almost none have the right insurance in the right amounts. The gap between the two can be practice-ending.

This is the chapter I spend the most time on in the 3E Business Program — because it is the area where I consistently find the most significant, most costly, and most avoidable exposures. Business insurance for a clinical practice is not a single product. It is a coordinated system of six to eight policies, each covering a specific risk category, each requiring specific limits and terms for a clinical setting.

Most practice owners have assembled their insurance reactively — a policy here when someone asked, a policy there when something nearly went wrong. Almost none have had a specialist review the complete picture to ensure there are no gaps, no dangerous overlaps, and no policies paying premiums for cover they don't actually need.

The Six Essential Business Insurance Policies

19. Professional indemnity insurance. Covers legal claims arising from your professional services — misdiagnosis, treatment errors, failure to diagnose, and negligence. For self-employed practitioners, this must be specifically arranged as an owner-operator policy, not inherited from a prior employer arrangement. The limits must be adequate for the complexity and scale of your practice — a high-volume practice with multiple treating clinicians requires higher limits than a solo operator.
20. Key person life and TPD insurance. If the principal clinician cannot work — through death, permanent disability, or serious illness — the practice loses its primary revenue generator. Key person insurance pays the practice a lump sum to cover lost revenue, loan repayments, and the cost of recruiting and transitioning a replacement clinician. The calculation of the right cover amount requires modelling your practice's revenue dependency on specific individuals — which most owners have never done.
21. Business interruption insurance. Covers loss of income and fixed costs when the practice cannot operate due to a covered event — fire, flood, equipment failure, or in some policies, an infectious disease outbreak. The critical detail: your loan repayments, rent, and staff costs continue whether you're treating patients or not. Business interruption cover funds the gap. Without it, a 3-month forced closure can permanently damage an otherwise viable practice.
22. Public liability insurance. Covers claims by patients or third parties for personal injury or property damage occurring on your premises or as a result of your business activities. The minimum cover required by most commercial leases — \$10–20 million — is a reasonable starting point, but high-throughput clinical practices should consider whether higher limits are appropriate.
23. Cyber liability insurance. Covers the costs of a data breach — forensic investigation, notification obligations, regulatory response, and restoration costs — as well as ransomware attacks and business interruption from cyber incidents. Clinical practices are specifically targeted because of the sensitive health data they hold and the typically limited cyber security investment relative to the value of that data. This is one of the fastest-growing risk categories in Australia.

24. Workers compensation. Mandatory in all states for employers. Covers medical costs and income replacement for employees injured at work. Worth noting: psychosocial hazard claims — workplace stress, burnout, bullying, and harassment — are the fastest-growing workers compensation category in Australia, and clinical practices are not exempt. Your obligations as an employer go beyond physical safety.

\$46K+

Average cost of a data breach for an Australian small business. For clinical practices holding sensitive patient health data, the cost is often higher — particularly when Privacy Act notification obligations and potential regulatory action are factored in. Cyber liability cover typically costs \$2,000–

The Key Person Cover Calculation

Key person insurance is the most underinsured category I find in practice audits. The common mistake is either not having it at all, or having a nominal amount based on a rough estimate rather than an actual calculation. The correct approach:

- Revenue replacement component: Monthly revenue attributable to the key person × the months required to recruit, credential and transition a replacement (typically 6–18 months for a specialist)
- Debt servicing component: Outstanding practice loan balance — because debt repayments don't pause for a leadership vacuum
- Transition cost component: Recruitment fees, locum costs during transition, and goodwill retention activities

For most single-practice owners, properly calculated key person cover ranges from \$500,000 to \$2,000,000 — well above the nominal amounts typically held. The premium difference between adequate and inadequate cover is often surprisingly small relative to the risk it addresses.

NEXT STEP

Go Deeper The Key Person Cover Calculator and Business Interruption Scenario Planner are in the 3E Business Program. Know your real numbers — not your guess. Book a Discovery Call

hippowealth.com.au

People, Culture & Fair Work — Leading a Team You Were Never Trained to Lead

Your staff can make or break your practice. And Fair Work can make or break you if you don't know the rules.

Ask any established practice owner what they wish they had understood earlier, and the answer is almost always some version of: people management. Not clinical systems. Not marketing. Not even finance. The complexity, the emotional weight, and the legal risk of leading a clinical team is consistently the least-anticipated challenge of practice ownership.

This is understandable. Clinical training is delivered in an environment where professional hierarchy is clear, expectations are explicit, and performance is defined by measurable clinical outcomes. Managing a team of clinical and administrative staff in a private practice — where relationships are personal, motivations are varied, and disputes have legal consequences — is a different discipline entirely.

Your Fair Work Obligations — The Non-Negotiables

As an employer, you have obligations under the Fair Work Act that exist regardless of whether you know about them. Ignorance is not a defence before the Fair Work Commission. The most important obligations for practice owners:

- **Employment contracts.** Every employee must have a written contract. It must include role title, remuneration, hours, leave entitlements, and notice periods. Verbal or informal arrangements are unenforceable and create significant legal risk.
- **The National Employment Standards.** Ten minimum standards that cannot be contracted out of, regardless of what a contract says — including annual leave, personal leave, parental leave, flexible working requests, and notice of termination.
- **Award and agreement compliance.** Most clinical practice staff are covered by the Health Professionals and Support Services Award or the Dental Practice Owners Award. Underpaying award rates — even accidentally — creates significant retrospective liability.
- **Unfair dismissal provisions.** An employee who has been employed for more than 6 months (or 12 months in a small business) cannot be dismissed without a valid reason, a fair process, and appropriate notice or payment in lieu. Failing any of these three elements creates an unfair dismissal exposure.
- **Psychosocial hazard obligations.** As of 2023, Australian work health and safety legislation explicitly requires employers to identify and manage psychosocial hazards — workplace stress, bullying, harassment, and conditions that cause psychological harm. This is new, rapidly enforced, and widely misunderstood by practice owners.

Building a Culture That Retains Great Staff

Staff retention in Australian clinical practices is at a critical point. Wage inflation, staff shortages in both clinical and administrative roles, and the increasing portability of skills mean that great staff have options — and they exercise them when they feel undervalued, unseen, or unsupported.

The most effective retention strategies are rarely about pay — though pay must be competitive. They are about clarity (people know what's expected and how they're performing), recognition (contributions are acknowledged specifically and genuinely), growth (there is a pathway forward, not just a job), and belonging (the culture is one people want to be part of). These things can be built systematically, by any practice owner, at any scale. They do not require HR expertise — they require intentionality and consistency.

NEXT STEP

Go DeeperThe Fair Work Compliance Checklist and Psychosocial Hazard Action Plan are in the 3E Business Program. Protect your practice before a claim, not after. Book a Discovery Call

hippowealth.com.au

Marketing, Growth & Patient Pipeline — Building a Practice That Attracts, Not Just Treats

Most practitioners are exceptional at treating patients. Almost none were taught how to attract them. This chapter fills that gap.

There is a fundamental shift in how patients find and choose clinical practitioners in Australia. In 2010, a new practice in a good location with a quality fit-out could fill its appointment book largely through foot traffic and word of mouth alone. In 2025, that is no longer reliably true. Patient acquisition is now a deliberate, managed activity — and practice owners who treat it as such build sustainable, growing practices. Those who don't find themselves increasingly dependent on a shrinking existing patient base.

Why Marketing Feels Uncomfortable — And Why It Shouldn't

Many practitioners resist the idea of "marketing" because it feels at odds with their professional identity. Marketing feels like selling — like persuading people to do something that benefits you rather than them. This is the wrong frame. Effective marketing for a clinical practice is, at its core, patient education. It is showing the people in your community what you can do for them, why it matters, and why you are the right person to do it. That is not sales. That is service.

When you reframe marketing this way, it becomes both easier and more authentic. You are not promoting yourself — you are informing potential patients about options that could improve their health outcomes. The medium is different. The purpose is aligned with everything that drew you to clinical practice in the first place.

The Four Highest-Leverage Marketing Activities for Clinical Practices

25. Google Reviews — your most powerful asset. When a potential patient searches for a dentist or GP in your suburb, the practices with the most five-star Google reviews appear first and convert best. A systematic approach to generating genuine patient reviews — a simple, ethical, consistent ask after every positive patient interaction — is the single highest-ROI marketing activity available to most practices. It costs almost nothing and compounds over time.
26. Referral network development. For specialist practices particularly, a structured approach to building and maintaining referral relationships with GPs, other specialists, and allied health practitioners generates high-quality, pre-qualified patients at virtually no acquisition cost. Most specialists approach referral development informally — occasional visits, a lunch here and there. A systematic referral program — regular communication, educational content, easy referral processes — produces dramatically better results.
27. Patient retention and reactivation. The most profitable patient in most practices is a returning patient — they require no acquisition cost, have established trust, and typically accept treatment recommendations at higher rates. Yet most practices invest far more in acquiring new patients than in retaining existing ones. A structured recall system, consistent patient communication, and

a genuine focus on patient experience create a retention rate that makes new patient acquisition less urgent.

28. Educational content on LinkedIn and social media. For practice owners who want to build a professional reputation and attract referral partners, LinkedIn is the most effective platform. Sharing genuine clinical insights, practice philosophy, and patient education content — consistently, without selling — builds authority and trust with exactly the professional audience most likely to refer patients to you.

KEY INSIGHT

Revenue Concentration Risk — The Business Risk You Might Not Have Considered Over-reliance on a small patient base is a genuine business risk. A practice that generates 40% of its revenue from 10% of its patients is significantly more vulnerable to attrition than one with broadly distributed revenue across a large active patient base. If those high-value patients leave — move suburbs, change practitioners, or simply age out of treatment — the revenue impact is immediate and difficult to replace quickly. Patient acquisition is not just a growth strategy. It is a risk management strategy.

NEXT STEP

Go Deeper The 90-Day Patient Pipeline Plan and the Google Review Generation System are in the 3E Business Program. Build your patient acquisition machine. Book a Discovery Call

hippowealth.com.au

01

PHASE THREE · EMPOWER

Build a Practice Worth More Than You

The ultimate test of a practice owner: does your practice have value without you in it? This phase shows you how to build that value — and ultimately realise it.

Exit, Scale & Legacy — Building a Practice Worth More Than Your Clinical Output

The ultimate test of a practice owner is whether your practice has value without you in it. Most don't. Here's how to change that.

Here is a confronting truth that most practice owners don't discover until they begin exploring a sale: the business they have spent a decade building is worth far less than they assumed — because its value is almost entirely dependent on their personal clinical output.

A practice that cannot function without its principal clinician is not really a business. It is a well-organised job. And the market values a job very differently from a business. Buyers pay premiums for practices with documented systems, diversified clinical revenue, a stable and capable team, and an established patient base that is loyal to the practice rather than to a single practitioner. These things take years to build — which is why the conversation about exit should begin long before exit is imminent.

What Drives Practice Value — The Four Levers

29. **EBITDA and profitability.** The most fundamental driver. A practice generating \$500,000 in EBITDA with a 3.5x multiple is worth \$1.75M. The same practice at \$350,000 EBITDA is worth \$1.225M. Every investment in revenue growth or overhead reduction is also an investment in exit value. The two are inseparable.
30. **Systems and processes.** A practice with documented SOPs, consistent patient protocols, efficient scheduling systems, and a proven billing process is worth more than one where the knowledge lives in the principal's head. Buyers are buying a going concern — they need to know it can continue without the previous owner.
31. **Team stability and capacity.** A stable, experienced clinical and administrative team that is retained post-sale is a significant value driver. High staff turnover, key-person dependency in clinical staff, or a team that is loyal only to the departing principal is a significant discount factor.
32. **Patient base quality and breadth.** An active patient base, distributed across demographics, with high recall compliance and low concentration risk is far more valuable than a high-revenue patient base built around a small number of high-value patients. Recall rates, active patient numbers, and new patient acquisition trends are all scrutinised in due diligence.

The Private Equity Question

The consolidation of Australian dental and medical practices by private equity-backed corporate groups — Pacific Smiles, 1300SMILES, Dental Corp, and others in the medical space — has created a new dynamic in the practice sale market. Corporate groups are willing to pay premium multiples for well-run practices that can be integrated into their network and management infrastructure.

For independent practice owners, this creates both a threat and an opportunity. The threat is competition for patients and staff from better-resourced corporate operators. The opportunity is a potential premium exit to a corporate buyer who values scale and systems — if your practice is built to the standard they require.

Many practitioners resist the idea of selling to a corporate. Others find it the most financially rewarding exit available. Neither position is inherently right. The question is whether you have built a practice that gives you the choice — or one that limits your options.

The 3–5 Year Exit Preparation Roadmap

A well-prepared practice exit doesn't begin 6 months before you want to sell. It begins 3–5 years earlier — with a systematic programme of value-building activities that align with what buyers will pay a premium for:

- Year 1–2: Clean up financial structure — correct entity, clean accounts, remove personal expenses from practice books
- Year 1–2: Document all clinical and operational SOPs; begin transitioning knowledge from head to paper
- Year 2–3: Build associate team capacity to reduce principal revenue dependency below 60% of total
- Year 2–3: Systematise patient recall, reviews, and referral generation
- Year 3–4: Obtain a formal practice valuation; identify specific gaps between current value and target value
- Year 4–5: Engage a specialist practice sales broker; begin market testing or targeted buyer conversations

"The best time to prepare your practice for sale is the day you buy it. The second best time is now. Every year you delay costs you in value — because value is built by compounding good decisions over time, not by scrambling in the final stretch."

How This Connects to Your Personal Wealth

Your practice is likely the largest single asset you own. When you sell it, the proceeds need to do something — fund your retirement, diversify your wealth, or generate the passive income that appeared in the 3E Wealth Program as your Freedom Number. But practice sale proceeds that land in your personal name without a plan are quickly eroded by tax, lifestyle spending, and poorly considered investments.

The 3E Wealth Program is the companion to this playbook precisely because of this connection. The moment a practice owner begins thinking about exit is the moment they must also be thinking seriously about where the proceeds go, how they're taxed, and how they're invested to generate the passive income that replaces the clinical income that is ending. These two conversations — practice exit strategy and personal wealth strategy — must happen together, not sequentially.

NEXT STEP

Your Next Step Book a complimentary discovery call. In 45 minutes, we'll map your practice risk position, identify the gaps, and show you exactly what the 3E Business Program would do for your practice — and your exit. Book a Discovery Call

hippowealth.com.au

