



FIRST BANK
OF THE LAKE

A Practical Checklist Before You Buy an Existing Veterinary Practice

The questions below are organized for practical due diligence. Each one includes a short explanation of why it matters so you can focus conversations with brokers, sellers, accountants, attorneys, and lenders.

Financial Performance and Cash Flow

- 1. What have revenue, expenses, and net income looked like over the last three years?**
This helps you see whether the clinic is consistently profitable or only looks strong in a short snapshot.
- 2. How much of the clinic's revenue is recurring versus one-time or seasonal?**
You want to know how stable the income really is and whether cash flow is predictable.
- 3. What are the clinic's current profit margins by service line?**
This shows which parts of the business actually make money and which may be dragging performance down.
- 4. How dependent is the practice on the current owner's personal production?**
A clinic can look healthy on paper but become much less profitable if the owner leaves and takes revenue with them.
- 5. Are there any unusual expenses or owner add-backs in the financials?**
You need to separate true operating performance from personal or one-time expenses that may distort the numbers.
- 6. What does monthly cash flow look like throughout the year?**
This reveals seasonal swings and helps you plan for working capital needs after the purchase.
- 7. Are accounts receivable current, and how much is actually collectible?**
Revenue is not the same as cash, so you need to know whether outstanding balances are realistic assets.
- 8. Does the clinic have any debt, liens, unpaid taxes, or outstanding obligations?**
Hidden liabilities can turn a promising acquisition into a very expensive problem.

Valuation and Deal Structure

- 9. How was the clinic valued, and what assumptions were used?**
You need to know whether the asking price is grounded in real performance, market comps, and sustainable earnings.
- 10. What exactly is included in the sale?**
The value changes significantly depending on whether equipment, inventory, real estate, branding, and client records are part of the deal.
- 11. Is the real estate included, leased separately, or owned by the seller?**
Occupancy costs and lease terms can have a major impact on long-term profitability and control.



12. What working capital will transfer with the business?

You need enough cash and operating cushion to keep the clinic running smoothly after closing.

13. Is the seller willing to stay on during a transition period?

A seller transition can help preserve client trust, staff stability, and operational continuity.

14. Is seller financing available for any portion of the purchase?

Seller financing can reduce your upfront risk and may signal the seller's confidence in the clinic's future.

Clients, Revenue Quality, and Market Position

15. How many active clients does the clinic have, and how is 'active' defined?

Client count only matters if it reflects real, recent relationships rather than outdated records.

16. What is the average client transaction value and visit frequency?

This gives you a clearer picture of client behavior and revenue strength than top-line sales alone.

17. What percentage of revenue comes from the top 10 or 20 clients?

Heavy concentration can create risk if a few key accounts leave after the sale.

18. What is the mix between wellness care, surgery, emergency care, boarding, grooming, and other services?

A balanced service mix can make revenue more resilient and highlight growth opportunities.

19. What is the clinic's reputation in the community?

Strong goodwill and local trust are often a major part of what you are actually buying.

20. What do online reviews and client feedback consistently say?

Patterns in reviews can reveal operational strengths or cultural problems that financials will not show.

21. What does the competitive landscape look like nearby?

You need to understand whether the clinic has a defensible position or is vulnerable to stronger local competition.

Operations and Efficiency

22. How many appointments can the clinic handle per day, and is it operating at capacity?

This tells you whether there is room to grow revenue without major new investment.

23. What practice management software is used, and how clean is the data?

Reliable systems and accurate records are essential for running the business well after takeover.

24. What are the clinic's key operational bottlenecks?

You want to know where inefficiencies, delays, or staffing gaps are limiting performance.

25. What is the current fee schedule, and when was pricing last updated?

Outdated pricing may create upside, while already-maxed pricing may limit growth.

26. What inventory controls are in place?

Poor inventory management can quietly erode profits through waste, shrinkage, and overordering.

27. Are there standard operating procedures for daily workflows?

Documented systems make the practice easier to manage and less dependent on individual habits.

Staff and Culture

28. Who are the key veterinarians, technicians, and managers, and are they expected to stay?

The value of the clinic may depend heavily on whether the core team remains after the purchase.

29. What are employee turnover rates?

High turnover can point to management issues, burnout, or deeper cultural problems.

30. What are compensation structures, benefits, and bonus plans?

You need to understand your true payroll obligations and whether staffing costs are sustainable.

31. Are there employment agreements, non-competes, or retention risks?

Staff departures right after closing can hurt revenue, morale, and client loyalty.

32. How would you describe the clinic culture?

Culture affects retention, client experience, and how easily you can step in as the new owner.

Medical Quality and Compliance

33. Are medical records complete, consistent, and compliant?

Poor records can create legal risk and signal weak clinical processes.

34. Has the clinic had any board complaints, legal claims, or regulatory issues?

You need to uncover past or ongoing problems that could follow the business after the purchase.

35. Are all licenses, permits, and controlled-substance procedures current and compliant?

Compliance issues can create serious liability and operational disruption.

36. What is the clinic's standard of care and case management approach?

A mismatch between your clinical philosophy and the clinic's norms can create friction with staff and clients.

Equipment, Facility, and Capital Needs

37. What condition is the facility in, and what repairs or upgrades are needed soon?

Deferred maintenance can become a large post-closing expense very quickly.

38. How old are the major equipment assets, and when will they need replacement?

You need to budget for future capital expenditures, not just the purchase price.

39. Does the layout support efficient workflow and future growth?

Even a profitable clinic can be limited by poor physical design.

40. Are there any technology or equipment gaps compared with nearby competitors?

This shows whether you will need additional investment to stay competitive.

Growth Potential

41. Where does the seller believe growth opportunities exist, and why have they not been pursued?

This helps you separate real upside from wishful thinking.

42. Is there room to expand hours, services, staffing, or location footprint?

Growth potential matters because you are buying not only current income, but future opportunity.

43. Are there underserved services in the local market?

A clinic may be more valuable if it can add services the community already needs.

Seller Motivation and Transition Risk

44. Why is the seller leaving the practice?

The answer can reveal whether the sale is driven by retirement, burnout, declining performance, or hidden issues.

45. What changes has the seller already made in preparation for the sale?

Sometimes sellers cut necessary spending or delay maintenance to make short-term numbers look better.

46. What happens if key clients or staff leave during the transition?

You need to understand the real fragility of the business during ownership change.

47. What support will the seller provide after closing?

A well-planned handoff can reduce disruption and protect the value you are paying for.

Personal Fit

48. Does this clinic match the kind of practice and lifestyle you want to own?

A clinic can be financially sound and still be the wrong fit for your goals, leadership style, or long-term plans.

49. Can you realistically improve or maintain this clinic's performance?

You should be honest about whether your skills and experience align with what this business needs next.

50. If you bought this clinic today, what are the top three risks you would be accepting?

This question forces a clear-eyed decision instead of getting swept up by the excitement of the opportunity.