YOUR ACCOUNTED AND HIDDEN CLINIC VALUE

# The PE Playbook

For Independent Vet Practice Owners

VetPracticeWorth.com

## What's Inside

# Why This Guide Exists

(And What's At Stake)

Something's changing in the vet industry.

Private equity firms are buying practices at an accelerating rate. If you haven't been approached yet, you probably will be. And even if you never sell, their presence changes the ecosystem.

> $27.9 billion flowed into veterinary PE deals in 2024. The sector is growing 43% a year. The average time they own a business is under 4 years. Huge wave of capital, tiny timelines—don't get swept away.

This guide isn't about convincing you to sell or stay. It's about understanding what's actually happening—so you can make better decisions with real information instead of assumptions.

## WHAT YOU'LL LEARN

- How PE actually operates (their timeframe, incentives, what they optimize for)
- What they measure when valuing a practice—and what they discount
- Where they extract value once they own a practice
- How to think about the sell vs. stay decision
- What independent practices can do that PE-owned practices can't

Let's start by understanding how they think.

# How PE Actually Operates

(Behind The Press Releases)

## WHO THEY ARE

Private equity firms buying vet practices are, at their core, collectives of lawyers and accountants working on behalf of money managers. The money managers are responsible for investing hundreds of millions or billions of dollars.

This isn't a criticism—it's just the structure. Understanding it helps you understand their decisions and make better ones of your own.

## THE TIMEFRAME MISMATCH

This is the most important thing to understand:

> PE operates on a fundamentally different timeframe than you do.

You're running a 20+ year game. You live in your community. Your reputation compounds over time.

PE is running a 2–8 year game. They buy, optimize for measurable metrics, take out debt against the business, pocket the cash, and sell to the next buyer. They don't need the business to be healthy in year 15. They need it to look healthy when they sell.

This timeframe mismatch explains almost everything they do—and once you see it, their decisions stop being confusing.

## WHAT THEY'RE OPTIMIZING FOR

PE isn't optimizing for "best veterinary care" or even "most profitable practice." They're optimizing for:

1. **Metrics that can be measured and reported** to their investors and future buyers
2. **Cash extraction** during their ownership period
3. **A clean story for the next buyer** when they sell

Things that can't be easily measured—quality of care, staff morale, community reputation—don't show up in their models. If you're selling, know this going in. If you're staying, these are exactly the things to lean into.

# What They Measure

(And What They Discard)

## WHAT PE LOOKS AT

**Revenue metrics:**

- Total revenue and growth rate
- Revenue per vet / per staff member
- Service mix (which services make more money)
- Client concentration (are a few clients driving most revenue?)

**Operational metrics:**

- Appointment utilization (how full is your schedule)
- Average transaction value
- New client acquisition rate and cost
- Client retention (if they can measure it)

**Cost structure:**

- Staff costs as % of revenue

- Rent and overhead
- Supply costs / margin on products

**Signs it can run without you:**

- Documented processes
- Systems and technology in place
- Transferability

## WHAT THEY DISCARD

- Relationships that live in your head
- Reputation that depends on you personally
- Staff loyalty to you specifically
- Community goodwill
- Quality of care beyond what shows in metrics

This is why practices often feel undervalued—the things owners know matter most are the things buyers discount.

# Where They Extract Value

(And What It Costs You)

When PE talks about making practices ”more efficient,” they mean something specific:

> Removing anything that doesn’t directly contribute to measurable short-term results.

This includes what you might call slack—the margins, buffers, and reserves that keep a practice resilient.

## THE THREE TYPES OF SLACK

**Slack in care:** You probably allow more time per patient than the absolute minimum. PE sees this as ”underutilized appointment capacity.”

**Slack in people:** You tolerate that staff have good days and bad days. PE sees variation as ”performance inconsistency.”

**Slack in capital:** You keep cash reserves for unexpected problems. PE sees this as ”underutilized capital” to be extracted.

## WHY THIS MATTERS

> ” Slack is what lets your practice handle surprises.

When you remove it all:

- Any unexpected problem becomes a crisis
- Staff burn out faster
- Care quality degrades in ways that don’t show up immediately

PE can do this because they’ve spread risk across many practices. If one clinic struggles, it’s absorbed by the portfolio. But that pooled risk doesn’t help your specific clinic when something goes wrong.

And here’s the deeper issue: if every practice in the industry has its slack extracted, the entire industry becomes fragile. But by the time that becomes visible, PE has collected their fees, sold, and moved on. You’ll still be here.

# Where PE Can’t Compete

(Your Hidden Advantages)

PE has real advantages: cheaper capital, legal resources, bulk buying power, and knowing how to make companies look better on paper. They’re highly intentional—just not about delivering great care.

But thriving independently means being intentional where they’re not. Your edge is everything they’re structurally bad at:

## THEY CAN’T LEARN FAST

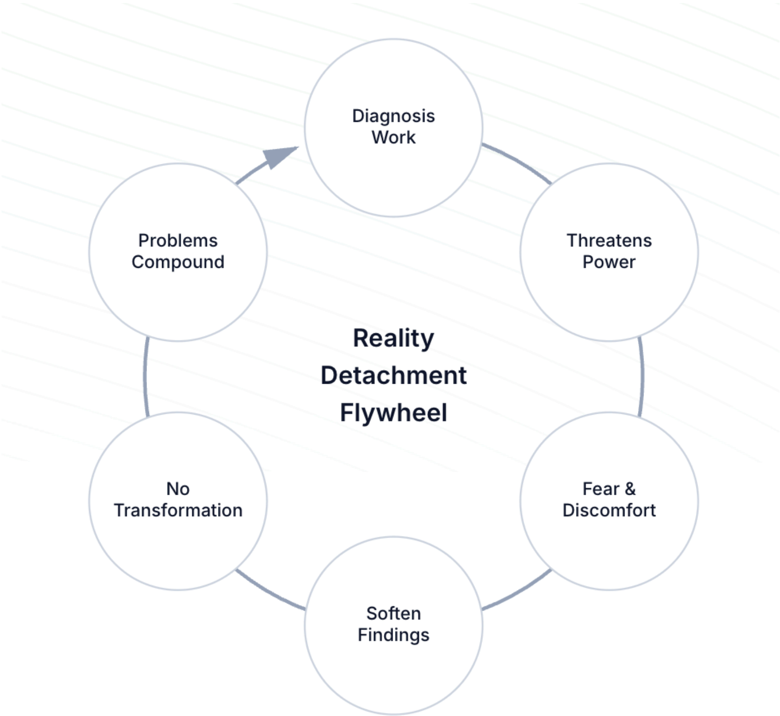
Most people think it’s an information problem: decision-makers are far from the actual work, information gets filtered through layers, reality gets compressed into dashboards.

That’s true, but it’s not the real issue.

From firsthand experience, I know it goes deeper: their leadership is paid primarily through management fees, not results. Work that uncovers anything leadership missed makes highly-paid people very uncomfortable. That analysis gets funded but the results get squashed.

> They cannot take in much feedback by design.

Truth-tellers either retreat to inconsequential work or quietly disengage. Problems compound while findings get softened.




*The Reality Detachment Flywheel—structural, not fixable with better intentions or software.*

You don't have this problem. You can look at your own data, see what's actually happening, and change course in days. That's an enormous advantage.

## THEY CAN'T BE CONTRARIAN

PE needs consensus at every step—among partners, investors, and eventual buyers. They can only do things that committees approve. By the time they move into an industry, the opportunity is obvious to everyone.

You can try things that seem weird but work. You can serve niches that don't make sense at scale.

## THEY CAN'T ACTUALLY EMPATHIZE

Empathy requires proximity. You see the animals, know the clients, work alongside your staff. You remember Mrs. Patterson's anxious calls about her aging Lab. You stayed late when a surgery ran long.

PE managers see spreadsheets in offices hundreds of miles away. They've never held a frightened animal or sat with an owner making a hard decision.

Your empathy is visible and real. That's an advantage they cannot replicate.

# The Sell vs. Stay Decision

(And The Trap In Between)

You have two real options:

## OPTION 1: SELL WELL

If you're going to sell, the goal is getting fair value—not leaving money on the table.

**Timing matters:** The current buying frenzy likely represents peak or near peak demand. Multiple buyers competing means better terms for sellers. If selling is your plan, waiting long term probably doesn't help.

**Know what they're buying:** They're buying metrics they can report, not your relationships or reputation. Present your practice in terms they value.

**Terms matter as much as price:** Watch earnouts, non-competes, and employment requirements. A higher price with bad terms can be worse than a lower price with a clean sale.

## OPTION 2: STAY INDEPENDENT WITH INTENTION

If you're staying independent, compete on things PE can't match:

**Out-learn them:** Your feedback loops are conversations. Theirs are quarterly reports filtered through layers of management. You can adapt in weeks. They take quarters.

**Out-care them:** PE can mandate customer service scripts. They cannot mandate that someone actually cares whether Mrs. Patterson's elderly cat makes it through surgery.

**Out-create them:** They need consensus approval for everything. You can try unconventional things that would never get through a committee.

## OPTION 3: THE WORST POSITION

> Being stuck in the middle in 5 years—neither distinctive enough to thrive nor well-positioned to sell.

Pick a path and commit.

# I’d Like to Help

(See Your Practice Clearly)

Sophisticated PE firms have data science teams. When they look at an acquisition target, they can quantify exactly what’s driving the practice’s reputation—which aspects are helping, which are hurting, and how much each one is worth.

Most independent owners know customer reviews matter. What they don’t know: how much money each review aspect is costing them, which ones to fix first, or how they compare to the clinic down the street.

I built a system that closes that gap.

## WHAT THE REPORT SHOWS YOU

I built a system that analyzes tens of thousands of public customer reviews and generates a report for each clinic—using the same approach sophisticated PE firms use. The report breaks down:

- **Which topics are helping your rating**—and which are hurting it
- **Your competitive gaps**—where you’re beating nearby clinics,

and where you're losing

- **The dollar value of each gap**—annual revenue impact and exit value
- **Where to focus**—ranked by impact, so you stop guessing

A clinic in the Greater Toronto Area was losing 0.18 stars to pricing perception—roughly $32k/year for their size. Their staff professionalism was already +0.12 above average. The analysis was clear: stop investing in training, fix how you communicate about pricing.

That's the kind of insight the report gives you. Your practice, your numbers, your priorities.

**15 minutes.** I walk you through what I found. You leave knowing what PE knows—whether or not we work together.

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## GOING DEEPER

The report shows what's visible from public data. With access to your practice management system, I can show you what's invisible:

- Which clients have fallen off typical treatment paths—and what they're likely overdue for (recoverable revenue)
- Which marketing spend best turns into profitable clients
- Which services you're under-pricing relative to the value you deliver
- Automation you should be running but aren't (follow-ups, reactivation, cross-sells)

These are the plays tech companies use to go from 0 to millions of clients—while delivering better experience than traditional players. They work at your scale.

**Interested?** Mention it on the call.

# Still Reading?

(The Person Behind This)

I'm Dean Garlick. I spent years building tech to make financial tools accessible to everyday people—not just the wealthy. That included time as a Senior Data Scientist at Wealthsimple, where I led projects on customer experience as the company grew from 0 to 2 million clients.

What I learned: there's often a gap between what institutions say they care about and what they actually optimize for. I watched it happen from the inside. I learned how big finance really works—from colleagues who'd been in PE, from deals I saw up close, and from building systems that revealed what the dashboards didn't show.

I left that to help independent businesses because I'd rather work with people who actually mean it when they say they care about their customers.

That's you. PE is optimizing for something else entirely. They extract value from two gaps: what they know that you don't, and what's real about vet practices but doesn't yet show up in industry spreadsheets. I want to help close those gaps.

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