



ANATOMY OF A GREAT DEAL

*CASE STUDY OF A SUCCESSFUL
INTERVENTIONAL PAIN PARTNERSHIP
WITH PRIVATE EQUITY INVESTORS*

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OBJECTIVES

- **Anatomy of a deal (10 Steps)**
- **Motivation and timing**
- **My personal experience as Founder and CEO of Kure**

A white wooden signpost stands in the foreground on a green lawn. A red sign with white text is attached to the post. The sign reads "FOR SALE" in large, bold, white capital letters. Below the text is a white rectangular box, likely for a price or agent information. In the background, a two-story white house with a brown roof and shutters is visible. The house has a covered front porch and several windows. The scene is set against a clear blue sky with some greenery and trees in the distance.

**FOR
SALE**

GOING ON A DATE



STEP 1 – BUILDING A COMPANY KURE

- 2003

Advanced Pain Management Specialists

Paul W. Davies MD

- 2006

Bay Surgery Centers – Annapolis

- 2008

Damean Freas, DO (2nd Doctor)

- 2009

Bill Hughes, MBA, MPH Chief Operating Officer



STEP 1 – BUILDING A COMPANY KURE

- 2010

Kent Island KPM + BSC opened 2nd Site

Glen Burnie KPM + BSC opened (3rd Site)

Chestertown office opened (4th Site)

- 2011

Easton Satellite opened (5th Site)

Annapolis Physical Therapy Office (6th Site)

Internal growth – leadership recruitment and infrastructure

STEP 1 – BUILDING A COMPANY KURE

- **2012**

Waldorf KPM + BSC opened (7th Site)

Leonardtown office opened (8th Site)

Internal growth - leadership recruitment and infrastructure

- **2013**

Highly complex laboratory (9th site)

Name change to “Kure Pain Management”

Search for private equity partner

Internal growth – leadership recruitment and infrastructure

STEP 1 – BUILDING A COMPANY KURE

• 2014

Kent Island Physical Therapy

Search for private equity partner

Centralized administrative services site identified and developed

• 2015

Private Equity partners, New Harbor Capital

Negotiations for offices in Olney MD, Delaware and New York

STEP 1 – BUILDING A COMPANY KURE

Building a management team

- Human Resources Director
- Finance Director
- Business Development Director
- Operations Director,
- Laboratory Director
- Call Center Supervisor

STEP 1 – BUILDING A COMPANY KURE

Sales and Marketing

The screenshot displays the KURE Pain Management website. At the top left is the KURE logo with the tagline "Pain Management THE SPINE SPECIALISTS". To the right, it says "CALL NOW: 877.621.1269" and "Home | Schedule a Consultation". A dark navigation bar contains links for HOME, LOCATIONS, ABOUT US, CONDITIONS, TREATMENTS, PHYSICAL THERAPY, and PATIENTS RESOURCES. The main content area features the headline "SYMPATHETIC to Your Pain" and a list of benefits: "Prompt, Individualized Attention", "High Quality Staff", "Successful Treatment", "Exceptional Customer Service", and "Featured In...". A large image of a smiling woman is on the right, with a testimonial: "I had a sudden onset of severe neck pain, KURE Pain Management saw me right away. They helped me get back to work quickly." - Actual KURE patient. At the bottom, four small images represent "PAIN WE TREAT", "TREATMENT OPTIONS", "LOCATIONS" (with a map), and "SUCCESS STORIES". The browser's address bar shows "http://www.kurepain.com/" and the Windows taskbar at the bottom indicates the date is 3/14/2013.

http://www.kurepain.com/ Back Pain Maryland | Neck ...

KURE
Pain Management
THE SPINE SPECIALISTS

CALL NOW:
877.621.1269
Home | Schedule a Consultation

HOME LOCATIONS ABOUT US CONDITIONS TREATMENTS PHYSICAL THERAPY PATIENTS RESOURCES

SYMPATHETIC to Your Pain

Prompt, Individualized Attention
High Quality Staff
Successful Treatment
Exceptional Customer Service
Featured In...

"I had a sudden onset of severe neck pain, KURE Pain Management saw me right away. They helped me get back to work quickly." - Actual KURE patient

PAIN WE TREAT TREATMENT OPTIONS LOCATIONS SUCCESS STORIES

11:29 AM
3/14/2013

STEP 1 – BUILDING A COMPANY KURE

SEO Optimization

The screenshot shows a Google search interface with the query "back pain annapolis". The search results include several ads and organic listings. A map on the right side of the page shows the location of Annapolis, Maryland, with several red pins labeled A through F. The map is titled "Map for back pain annapolis".

Google search results for "back pain annapolis":

- Web Images Maps Shopping More Search tools
- About 340,000 results (0.31 seconds)
- Ads related to **back pain annapolis**
- Back Pain Annapolis - Minimally Invasive Pain Treatment**
www.kurepain.com/
Speak to a **Pain Specialist** Today.
- Back Pain Glen Burnie - EffectiveChiropractic.com**
www.effectivechiropractic.com/
Start Managing Your Upper or Lower **Back Pain** Today. Call for Consult.
- Back Pain Annapolis | Kure Pain 3.0**
www.kurepain.com/tag/back-pain-annapolis/
Eastern Shore, Maryland – March 1, 2013 – Kure **Pain** Management, the Mid-Atlantic's leading authority on **pain** management, welcomes board certified ...
- Back Pain Annapolis | Pain Management Doctors | Relieve Neck Pain**
www.kurepain.com/locations/annapolis/
Annapolis. officeannapolis. 116 Defense Highway Suite 403. **Annapolis, MD** 21401. View Larger Map. Ph: 800-997-2460. Fax: 410-571-2947. Office Hours: 8am ...
- Back Pain Maryland | Neck Pain Relief | Pain Management**
www.kurepain.com/
KURE Pain Management Located in **Annapolis** and surrounding areas specializes in Pain Treatments for **Back Pain**, Neck Pain and Pain Management.
- Annapolis Family Chiropractic**

Map for back pain annapolis

STEP 1 – BUILDING A COMPANY

facebook.



twitter



Linked in.

***KURE
IS
CONNECTED!***

STEP 1 – BUILDING A COMPANY KURE

CONDITIONS TREATMENTS PHYSICAL THERAPY PATIENTS RESOURCES

Relief From Pain's Tyranny

Multidisciplinary approach can provide fast and lasting results

Pain steals moments and memories. It can affect relationships, careers, and finances. It can rob even minor activities of the small joys they once delivered.

KURE's comprehensive and multidisciplinary approach to pain management combines expert diagnosis and the latest technologies, medication management, and most advanced treatments with access to physical therapists, medical massage therapists, acupuncture, and more.

The practice has 8 offices and multiple surgery centers in Maryland, which means thousands of people have found relief close to home.

"Many patients describe pain that has limited their lives, sometimes profoundly," says Paul W. Davies, MD, medical director, who is both board certified and fellowship trained in pain management.

"Diagnosis and treatment at KURE begins with the fundamental belief that our physicians, physical therapists, and other experienced staff can help relieve pain and restore function," says Dr. Davies. "Every patient is meticulously evaluated to define an individualized treatment strategy."

The practice's offices remind some patients of spas—with access to refreshments and soothing music.

Pain management procedures and treatments include, among others:

- Epidural steroid injections
- Spinal Cord Stimulation
- Physical Therapy
- Facet and sacroiliac joint injections
- Diagnostic
- Selective Nerve Root Block
- EMG/NCV tests
- Medical acupuncture
- Medical massage
- Medication management

KURE
Pain Management
THE SPINE SPECIALISTS
800-997-2460
kurepain.com



Positive Outcomes

A multidisciplinary approach worked for patient Paul Cohen.

"I could not turn my head without excruciating pain due to degenerative disc disease," Paul says. "Thanks to the neck injection, followed by the medical massage and the TENS unit therapy, I feel great."

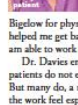
The TENS treatment provides transcutaneous electrical nerve stimulation and is one of a host of interventions that a personalized treatment plan might suggest.

Injections provide relief for many patients. **C-Axis fluoroscopy** and other sophisticated technologies pinpoint the most effective injection site.

Debbie Selbert says an injection and physical therapy provided a positive outcome: "Dr. Davies placed an injection into the exact spot for immediate relief. He recommended **Chris Hoffman** for physical therapy. I followed the protocol, especially at home, and the pain has not returned."

Patricia Sandy Elwood describes a similar experience: "I had a sudden onset of severe neck pain and Dr. Darnean Feras saw me right away. He did an injection and recommended **Josh Biglow** for physical therapy. KURE helped me get back to work quickly, and I am able to work out again."

Dr. Davies emphasizes that some patients do not experience lasting relief. But many do, a reality he says makes the work feel especially gratifying: "We can take people who have had pain for years and help eliminate or reduce pain's tyranny over their lives."



As Seen In *Good Housekeeping*, *Redbook*, *Woman's Day*, *Baltimore Sun*, and *WHAT'S UP Annapolis, Eastern Shore, and West County* magazines.



2
0
1
3

Take the Mystery out of Back and Neck Pain

The name says it all. Our multidisciplinary approach means our physicians are highly experienced in a variety of non-surgical procedures that precisely deal with your back and neck pain. Before you consider chiro or surgery discover the best way to fix your pain.

- Back pain
- Neck pain
- Arthritis
- Work injuries
- Degenerative disc disease

- Outpatient procedures
- Medication-free treatments
- No general anesthesia
- No lengthy recovery time
- No fusions or hardware

Call 800-997-2460
kurepain.com

THE SPINE SPECIALISTS
PAIN MANAGEMENT

All photos by Brian Lands Photography

© Advert Media Group 2012

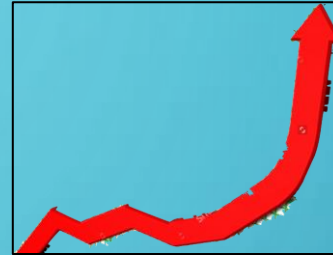
KURE – THE COMPANY

- Established = multi site/multi provider
- Demonstrated year over year growth
- Strong sales + marketing team
- Mature management team
- Strong leadership



KURE'S MOTIVATION TO DO A DEAL

- Accelerate growth



- Increase access to quality pain care

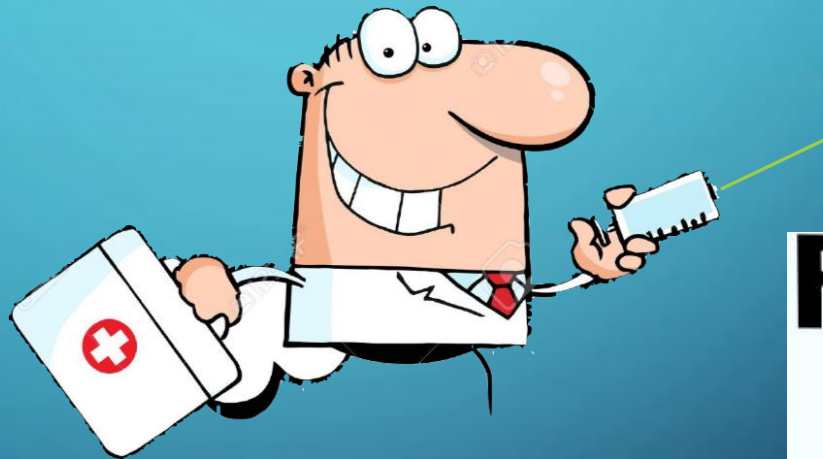


- Diversify owners risk



OTHER MOTIVATIONS TO DO A DEAL

- Practice Medicine (not administration)



- Exit strategy (usually retirement)

**Retirement
Only Means
That It Is
Time
For a New
Adventure**

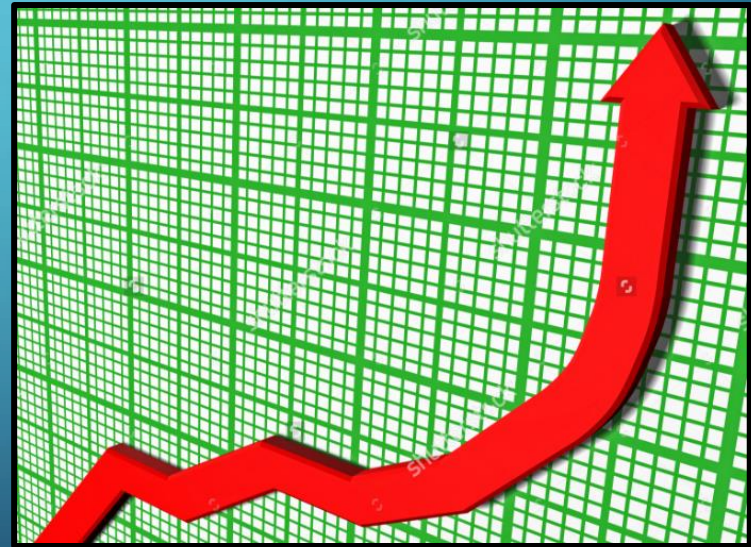
KURE'S TIMING TO DO THE DEAL

Company was growing:

Revenue

Profits

Patients



OTHER TIMES TO DO A DEAL

- Exit Strategy (3-5 Years before retirement)
- Practice that could financially benefit from sophisticated billing and management services

No perfect time

TYPES OF DEAL

- Platform company
 - Multi-doctor, Multi-site,
 - Various revenue lines (ASC's, PT, Lab)
 - Mature management team
- Add-on acquisitions
 - 1 – 2 Doctors
 - Office manager and support staff

TIMEFRAME

6 months – 3+ years

Decision to partner



Closing Day



STEP 2 FIND A BROKER / INVESTMENT BANKER

- Market Knowledge
- Review the company and financials
- Approximate sale value
- Identify potential partners

STEP 2

FIND A BROKER / INVESTMENT BANKER

- Non disclosure Agreement (NDA)

- Commission agreement

- Paid at time of sale
- No up front fees

NON-DISCLOSURE AGREEMENT

This Agreement is made on DD/MM/YYYY

BETWEEN

[The Disclosing Party]

AND

[The Receiving Party]

Reference: Information related, but not limited to, development projects and assignments to be performed by the Recipient for the Company.

The Company possesses competitively valuable Confidential Information (as hereinafter defined) regarding its current products, future products, research and development, and general business operations. Recipient may enter or has entered into a business relationship with the Company and in connection therewith may need to review or use the Company's Confidential Information and Materials or to create new Confidential Information and Materials for the Company. In consideration of the promises and covenants contained in this Agreement and the disclosure of Confidential Information and Materials from the Company to the Recipient, the parties hereto agree as follows:

1. Confidential Information and Materials

(a) "Confidential Information" shall be written in different parts. Continue writing confidential information and relevant materials of this non disclosure agreement template. "Confidential Information" shall be written in different parts. Continue writing confidential information and relevant materials of this non disclosure agreement template. "Confidential Information" shall be written in different parts. Continue writing confidential information and relevant materials of this non disclosure agreement template.

STEP 3 PREPARATION FOR A DEAL

Just like painting the house before putting it on the market



STEP 3

PREPARATION FOR A DEAL

- 3 years minimum of financial statements
- Qualifications to do business
- Tax returns up to date



STEP 3

PREPARATION FOR A DEAL

- Ownership records organized
- Litigation / disputes resolved
- Compliance with government agencies and regulations



STEP 3

PREPARATION FOR A DEAL

- **Assemble a team of M&A experts**
- **Broker, Accountant, Attorney, Tax Expert, Financial Advisor, Estate Planner**

AND PUT THEM ON SPEED DIAL



STEP 4

FINDING A PARTNER

- **Boutique Offering**
 - Private
 - Find appropriate buyers
 - Court one at a time
- **Auction**
 - Exposure to many potential buyers



match.com

STEP 4

FINDING A PARTNER

- Site visit
 - Meet owners / Key management team members
 - Understand motivation for a sale / alignment of interests
- NDA and review financials
- Formulate an offer



STEP 5

LETTER OF INTENT

- Non legally binding letter
- Lays out the terms of the deal

Letter of Intent

[Your Street Address]

[Your City, ST Zip Code]

[Month Day, Year]

[Recipient Name]

[Title]

[Company Name]

[Street Address of Company]

[City, ST Zip Code of Company]

To Whom It May Concern:

This letter is written as a reply to any advertisement in [Source of Information] that appeared on [Date of Advertisement].

In this paragraph you will write your intent for writing this letter or state what you have decided to respond in response to that specific advertisement etc. In this paragraph you will write your intent for writing this letter or state what you have decided to respond in response to that specific advertisement etc. In this paragraph you will write your intent for writing this letter or state what you have decided to respond in response to that specific advertisement etc. In this paragraph you will write your intent for writing this letter or state what you have decided to respond in response to that specific advertisement etc.

In this paragraph try to convince the recipient that you can best perform that job or how your intention can be beneficial for the advertising person. In this paragraph try to convince the recipient that you can best perform that job or how your intention can be beneficial for the advertising person. In this paragraph try to convince the recipient that you can best perform that job or how your intention can be beneficial for the advertising person.

In this paragraph try to convince the recipient that you can best perform that job or how your intention can be beneficial for the advertising person. Thank you.

Sincerely,

[Signature]

[Your Name]

STEP 5

LETTER OF INTENT

VERY IMPORTANT DOCUMENT

**DON'T UNDERESTIMATE ITS
SIGNIFICANCE**

LAYS OUT THE TERMS OF DEAL

STEP 5

LETTER OF INTENT

Terms of transaction

Purchase price

Form of payment (cash, stock, note)

Earn out (existence and conditions)



STEP 5

LETTER OF INTENT

Terms of transaction

- Working capital (existence and calculation)
- Non-compete
- Employees contractual commitments

STEP 5

LETTER OF INTENT

Terms of transaction

- Employee bonuses for past performance/future retention
- Conditions to closing, i.e. Financing
- Tax structure, “Stock” or “Asset”

STEP 5

LETTER OF INTENT

Terms of transaction

- “Deductibles” and “caps” (obligations to indemnify breaches of representations and warranties)
- Exclusivity agreement

STEP 5 DUE DILIGENCE

A magnifying glass with a black handle and silver frame is positioned over a crowd of stylized human figures. One figure in the center is bright red, while the others are grey. The magnifying glass is focused on the red figure, making it appear larger and more prominent. The background is a light blue gradient with white circuit-like lines in the corners.

**UNDER THE
MAGNIFYING GLASS**

STEP 6

DUE DILIGENCE



0

No Hurt



2

Hurts Little Bit



4

Hurts Little More



6

Hurts Even More



8

Hurts Whole Lot



10

Hurts Worst

STEP 6

DUE DILIGENCE

- Legal (corporate records)
- Financial (audited vs unaudited)
- Indebtedness
- Assets (ownership and condition)
- Contracts (payors/physicians)

Kathleen Roney; 10 Necessary Points for Due Diligence Checklist, December 07, 2012 Becker's Hospital Review

STEP 6

DUE DILIGENCE

- Regulatory (permits to operate)
- Environmental (hazardous waste)
- Employee (contracts/benefits)
- Insurance (policies/claims hx)
- Litigation

*Kathleen Roney; 10 Necessary Points for Due Diligence Checklist,
December 07, 2012 Becker's Hospital Review*

STEP 6

DUE DILIGENCE

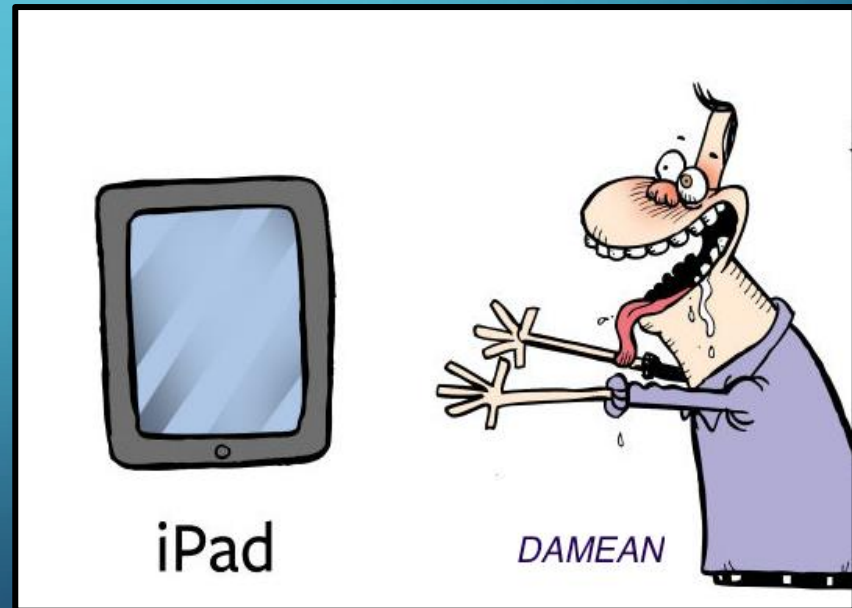
Kure's experience:

- Communicate - Open, honest, non-emotive
- Rely on your experts to resolve issues

STEP 7

CLOSING DOCUMENTS

Prepared simultaneously with due diligence



STEP 7

CLOSING DOCUMENTS



0

No
Hurt



2

Hurts
Little Bit



4

Hurts Little
More



6

Hurts
Even More



8

Hurts
Whole Lot



10

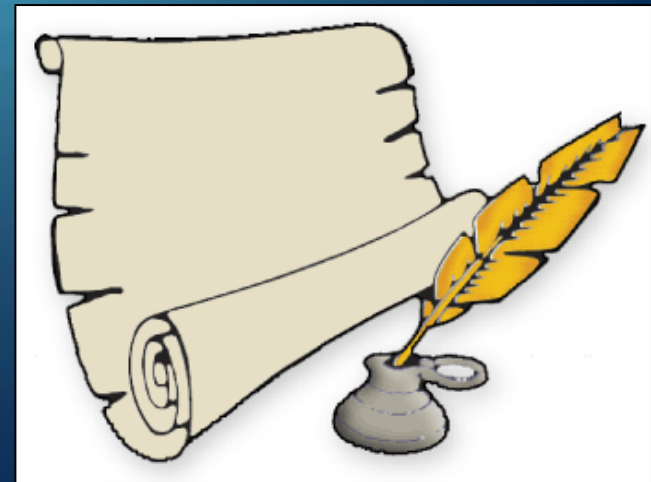
Hurts
Worst

STEP 7

CLOSING DOCUMENTS

Purchase Agreement

- Securities Purchase Agreement
- Asset Purchase Agreement



STEP 7

CLOSING DOCUMENTS

Primary document
governing
terms and conditions
of sale

STEP 7

CLOSING DOCUMENTS

Exhibits to Purchase Agreement

Employment agreements

Non-compete agreements

List of employee agreements

STEP 7

CLOSING DOCUMENTS

Exhibits to Purchase Agreement

Escrow agreements

Promissory notes

Security agreements

STEP 7

CLOSING DOCUMENTS

Exhibits to Purchase Agreement

- List of contracts
- List of liabilities assumed
- Disclosure of claims and liens
- List of trademarks
- Disclosure of license and permits
- List of existing warranty claims
- Obligations to brokers/finders
- Opinion of legal counsel

STEP 8 CLOSING DAY



STEP 8 CLOSING DAY



STEP 6 CLOSING DOCUMENTS



Step 8

Closing Day



0

No
Hurt



2

Hurts
Little Bit



4

Hurts Little
More



6

Hurts
Even More



8

Hurts
Whole Lot



10

Hurts
Worst





STEP 9

FINANCIAL PREPARATIONS

- Investing proceeds
- Tax preparation
- Estate planning
- Buying nice things





STEP 10

POST-CLOSING - KURE

- Paul W Davies MD Chairperson
- Damean Freas DO CEO
- Bill Hughes CDO
- Daniel Bowan CFO

STEP 10

POST CLOSING - KURE

- Olney, Maryland office opened
- Manhattan offices opened
- Doctor added in Maryland
- Continued negotiations in other States
- Multiple other growth projects



**2ND BITE
OF THE
APPLE**



