

## Issue #7: Private Debt vs. Private Equity

I've received a ton of feedback from last month's topic covering the buzz about private equity. This month, I want to share an alternative that could prove highly attractive for doctors that want additional capital yet are nervous about, or just not ready to be, giving up ownership of their practice.

One of my close physician friends shared his story which highlights the benefits of this alternative - private debt - if your circumstances allow it.

This physician needed capital to purchase a building ideally suited to expand his ophthalmic practice and have his own ASC. While serving on the board of a local college, he learned about a special type of financing created by a Private Financial Boutique that is typically used in the college/university markets. It is the same approach used by hospitals to build new facilities or restructure their debt. The large amounts required in these financing situations are borrowed at institutional wholesale rates, **typically 20-40% below prime**. This type of financing is specialized and not available from local banks, in part because they are prohibited by the Dodd-Frank Reform Act due to conflict of interest.

My physician colleague reached out to the CEO of this Boutique and convinced him to similarly finance his practice expansion, which included restructuring existing debt and providing enough capital for the new space and equipment. The net result was to cut his interest rate in half. What's even more powerful is that this Private Financial Boutique was able to secure this financing **without recourse**, meaning the physician did not have to provide a personal guarantee.

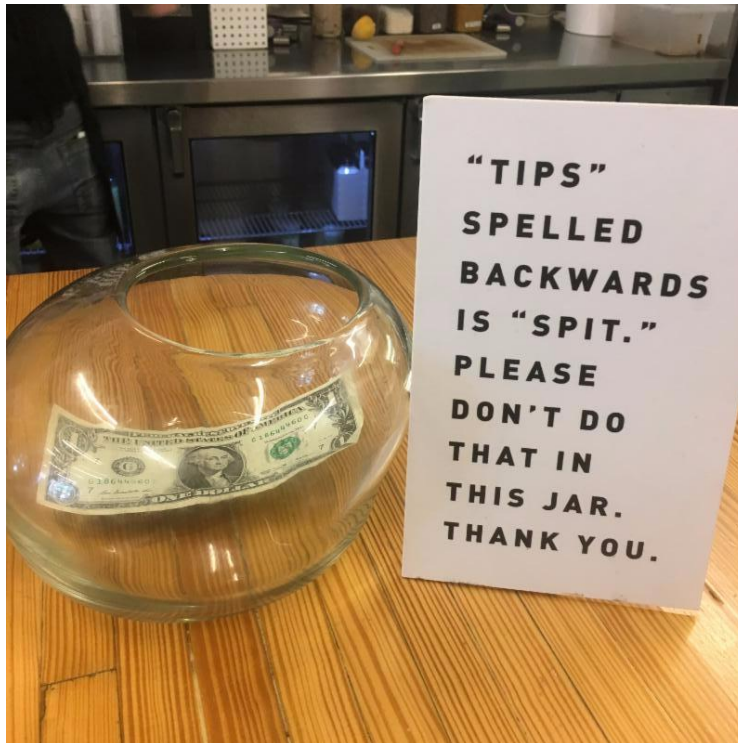
Admittedly, I was a bit skeptical and wanted to see if this was for real. Indeed it is, and in the four years since that first medical transaction, this firm has successfully secured financing for a growing list of "who's who" practices in ophthalmology and other specialties. The CEO has a 40-year track record in banking and has developed a unique offering that meets the needs of successful doctors who understand the role that financing can play in maintaining their entrepreneurial drive.

- Transactions typically take 60-90 days to complete.
- The capital can be used for a variety of needs including re-financing debt, buy-out/buy-in, and acquisitions.
- Additional capital for future projects can be reserved at current low interest rates.

So, if any of our readers have existing debt or plans for future financing, you may want to explore private debt. This is not an invitation or solicitation, but if some of you have an interest or want more information on this firm, [let us know](#) -- we have their information on file.

[Click here if you would like more information on private debt opportunities.](#)

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## About "Tee Time"

*Shareef Mahdavi has been helping doctors enhance their practices for years through technology, patient experience, and better economics.*

***Tee Time** provides answers to specific pain points within medical practices, offering advice and solutions from*

companies that have been reviewed and evaluated by SM2 Strategic.



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