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ESOPS FOR DOCTORS: A TAX-ADVANTAGED EXIT STRATEGY FOR MEDICAL PRACTICES WITH SPECIAL GUEST BOB GOETTLING

David Mandell:

Hello, this is David Mandell. Welcome to the episode today. I think we've got a really interesting topic and a very experienced expert on the topic. We're going to be talking about ESOPs and probably many of you don't know what that means, and so we're going to dig into it. But there's a good applicability for medical practices and that's why I wanted to have Bob on the program. So let me tell you about him and then we'll jump into it. So Bob Goettling has 30 years of experience in the healthcare industry. He primarily focused on the transactional aspects of physician practices, inventory, surgery centers, physician joint venture projects with health systems, private equity firms, and strategic buyers throughout the US. Since 2007, Bob has led the Bloom Organization's Transaction services team. He is a licensed investment banker and securities principal, and also has a background in law. I think he'll tell us about. Bob's been instrumental to the Bloom Organization's M&A advisory group, which has become the leading physician sell-side advisory firm closing over $10 billion in transactions. With that, Bob, welcome to the program.

Bob Goettling:

Thank you, David.

David Mandell:

Excellent. So I just read a brief piece of your bio. We're going to link to the full bio in the show notes, but give the audience a little bit of just more from out of your words, what you've been doing and how you came to get to know ESOPs.

Bob Goettling:

Sure. So same as you, David. I started out as a lawyer a long, long, long time ago, didn't last in it very long, and then back in the 90s was one of the founders of one of the first practice management companies back that first round with physician consolidation, the Ficor and med partners back in the 90s. I was one of the founders of the ophthalmology ones. Led development there for about 10 years, bought a whole bunch of practices, sold them back to the doctors as a lot of those did. And then for about the last 20, 21 years, have been, I call it, I jumped to the other side from buying physician practices, jumped over to working where I really think the value is created in helping the physicians figure out what to do, how to monetize, whether it be their practice, whether it be some of their ancillary businesses, their surgery centers, bloom organization. We made our name 10, 15 years ago doing more surgery center deals than everybody else combined. So it started in that.

And then I've always, in the last probably 5, 6, 7 years really, I've tried to specialize on the cutting edge stuff and where is it going? Because as you know, everything's always changing, especially in the doctor business. And so with what we're talking about today, ESOP, is one of the things that I think is kind of the new horizon for docs and practices.

David Mandell:

Yeah. So I came across the ESOP concept in a totally another context. I think it was regarding some tax benefits and something else. So I know it means employee stock ownership plan, is that? That's correct okay. He's nodding his head for those of you listening. But beyond that, I'm pretty much at home plate here. And obviously most people listening and watching are physicians who don't have the background with an MBA or attorney or 30 years of experience that I have. And so we're trying to, we talked about this before we went live. This is a complicated subject, but it's one that docs should know about because practices may be a good fit for this if they're looking in the M&A world. So we're going to try to keep this high level benefits costs, red flags, things that people should know about rather than getting deep into the weeds and the rule and the exception, and the exception to the exception and all of that that lawyers generally need to do. So let's start off with the basics. What is an ESOP?

Bob Goettling:

Sure. So an ESOP is, as you said, it's an employee stock ownership plan. And it was actually created or invented back in the 50s, but it never really took hold until the 70s. And in the 70s when the government, when the federal government made a decision that, hey, there's all these leveraged buyouts of companies happening, we would like to try to incentivize those types of deals that would really help the employees. And so they created this idea or this vehicle whereby a trust for the benefit of your employees, a company can decide they want to pursue an ESOP and become an ESOP. And what that really is, is it's a leveraged buyout by this trust that's for the

benefit of all the employees and the owners and the management of the company. And the government has given to make it more attractive, has put over the years, they've put several economic, what I'll call economic, mostly tax advantages, but economic advantages to make it more attractive.

And it seems to you know every year there's more and more ESOPs, and there's probably a lot of companies that people don't. The big one that I always say is, public supermarkets. A lot of people don't realize public supermarkets is an ESOP. United Airlines once, back when the airlines were having trouble, they did an ESOP, they made themselves into an ESOP. And again, as I said, there's a lot of good economic reasons and benefits for using it as a structure.

David Mandell:

Got it. Yeah, I knew I was hoping you would come up with a couple of examples, because I knew there were some companies that people just didn't realize. Publix is a good one that a lot of people recognize. And so thank you for that. So when did you start to see that this structure could be advantageous to medical practices? Because that's probably a fairly new development.

Bob Goettling:

Very much so. So about 10 years ago, my partner and I, we were introduced to it again as deal guys, we are investment bankers and that's our expertise. We had introduced to the ESOP concept and ended up looking into it, doing the investigation, all the stuff right now that we're helping docs do. And we figured out, hey, this is a great idea. We want to do it for the Bloom organization. So we actually did it. It's

going on 10 years, nine and a half, 10 years ago we did the transaction, became an ESOP. And as physician advisors, while we were going through the process, and I think probably one of the tangential benefits that we saw to doing it, was we saw, we looked at everything from physician practices and we said, "Wow, this is great for us in the Bloom organization, but this could be incredible for physician practices." And so one of the first things we were going to do after we became an ESOP and could say we were actually one, is take it out to all a bunch of physician clients, and we did that.

But what's happened, what happened in the last 10 years is the reason it didn't catch on and it didn't really catch on at all with physician practices because it's very complicated. And the same timing, eight, nine years ago, the whole private equity and the MSO model came into what I call the second round of physician consolidation. Completely different from that in the 90s, but really took hold. And so as we would over the years, over the last 10 years as we presented, we'd always present the ESOP as an option, but our physician clients seemed like they were always going the private equity or the hospital or the other different routes and didn't really catch on. But then you fast-forward or fast-forward to about two years ago, when, and again, I think as David, we've at Bloom we've done, I don't know if there's anybody who's done more physician practice private equity deals than us all over the country over the last 6, 7, 8 years, we've done a bunch of them.

But in the last couple of years there's been some bad news. Bad news and interest rates going up, making a leveraged buyout for a PE firm, more difficult. But there's been a lot of wins that have not really been helping the whole private equity from the physician consolidation and that standpoint. And so what I did is, being experts on

the physician side, we went back to the experts on the ESOP. The guys who did, they're the most progressive and ESOP investment bankers in the country went back to them a couple of years ago. And one of their partners really, really smart, a guy who lives and dies ESOPs like I do, physician practices, really liked the idea. And he agreed years ago when we said we thought this was going to be big. So he was like, let's try to put this together. So he and I focused on building what I'm going to call as a hybrid to the typical ESOP model that will work and will be specifically engineered for physician practices.

And so we developed that model a couple of years ago. And sure enough, as a lot of the bad press and negativity was coming to the private equity deals, more and more physician practices have now been seeking us out saying, "Hey, hey, what is this? I heard about this. Can you tell me more? How does it work? Is this something we should be interested in?"

David Mandell:

Yeah, that makes sense. First of all, again, I didn't know this before we talked, but the fact that you folks have done an ESOP for your own firm and 10 years in, and that's just, there's really no, there's no substitute for that. I always tell clients when they're becoming an OJM client, kind of come through our wealth process and I'm advising them on the asset protection side, what I do, what I've done for myself, what I did for my parents, what I did for my brother's cardiologist, and that's what I'd want from a doc. If you were in this situation, what medicines would you take? Would you do this procedure or not? Et cetera. So the fact that you can say you believed in the home cooking enough to do it, but not only that, now you're 10 years in and I think you can

say, "Hey, we probably could have done this a little better and we didn't realize this was going to come up, but it has.

But now we're 10 years into you, we're going to use the analogy, the treatment plan on the ESOP. And so we can advise our clients not only that we've done it, but know here's some things that we've learned and so you can do better." So I think that's a really powerful thing. And it doesn't make sense that most people would go for the private equity check if they're looking to exit because it's just simple. There's a check and then maybe there's a second bite of the apple and it's like, for some investors, the difference between a stock and a bond. People with stock, they can understand, "I own a piece of this company." A bond. Is it par? Is it intra? Why does the value go down and up, a little more complicated, but they both have really obviously important roles to play in a portfolio.

And I think talking you, we've had on this podcast over you five seasons, docs who've sold their practice to a private equity firm a couple of years in people who have gone down the road and through a couple of LOIs, they've not done it. Attorneys, investment bankers, other folks. But there's always been, and again with so many physician clients at OGM, docs who've really never really wanted to go down that road or were always skeptical or et cetera. But, they didn't know what else was out there other than the old school of bringing a young doc in and trying to take the practice over if it's a small practice or doing that in a larger role, if it's a group. Tell us what sort of goes on, know, just sort of the real basics if a practice becomes an ESOP, just you high level.

Bob Goettling:

Sure. And before that though, David, interesting what you said about the clients because I actually like to talk to docs who have done a private equity deal and are a year and two years, three years in and not happy because I really am interested in finding out listening to them and finding out why, because that helps me. That totally helps me in what I do. And what I found is there's two major buckets of reasons why they're not happy. And if you talk to them long enough and get into it'll be one of the other. And the first bucket is, they didn't understand something. "If I would've known this, I wouldn't have done it." Or "If I would've known this was a risk, I wouldn't have done it." So there's that part which is again, to guys like you and me, very important because the key is, we want to make sure that we're passing on to our clients the information, the pertinent information they need to make their decisions. And so I think that's very important.

The second one, and probably even the bigger bucket on that comes down to control. They didn't want to, and no matter how the different deals are, I don't care if it's a hospital deal or a private equity deal or anything, if you look deep enough and you get the right legal counsels to advise you on it, somebody's not giving you a whole bunch of money unless they're taking control. And so even though in the business of physician practices, medical decisions, nobody wants the business folks, nobody wants to take that away from the doc. But that sometimes is a misnomer as to what real control is, medical control and that, so that second bucket of control. So really what's happened from where the ESOP comes in, is to target those groups and those physicians that didn't want to give up control. There's a different answer for the

ones that didn't know something, you can educate them properly and hopefully they'll make the better decision.

But for those that, and again, like I said, it's the bigger bucket. We didn't want to give up control, wanted to stay independent. That's what we hear. So those are all the ones now for an ESOP, because as I said, in an ESOP, you're basically selling the business, the practice to a trust for the benefit of you, the doctor and the employees. And so you never give up control. Nobody comes in. All the trustee cares about who oversees the trust. All he cares about is that all the rules and regulations of ERISA for a 401 K and all that are followed. He doesn't, the trustee doesn't know anything about that and that he's doing his job to look out, to make sure that the beneficiaries of the trust, the employees and the doctors are not being hoodwinked or anything. But no objective, no trustee in an ESOP wants anything to do with running the business.

And so even from a board of directors perspective, it's exactly the same. However, what I tell the docs, well, however you're running your practice now, you run it the same way after you do an ESOP, nobody's going to come in and try to tell you you have to do anything different.

David Mandell:

And so you had mentioned earlier, and this is I think how I was introduced to the concept totally unrelated to what we're talking about today, was tax benefits. There were some reasons for businesses to do an ESOP, but I don't care what kind of business it is, you want to sell, but you want some tax benefits out of it. I might have attended like a CLE lecture on it or something, and an ESOP was a way to do that. So give us know kind of high level what are some of those tax benefits?

Bob Goettling:

And this is where it gets complicated.

David Mandell:

So let's keep it real high level, real high level.

Bob Goettling:

I try to keep it very simple, so when I'm talking to physicians, I try to break it down from the tax benefits are the one of the, if not the major reason for doing this. And I put those into three basic buckets and I'm going to oversimplify just to be able to make the point. Bucket number one is, and that's basically the reason my partner and I did it, it's an opportunity to arbitrage ordinary income. Doctors right now, I don't care whether it's through ancillary income and in a surgery center, through professional revenues, through the practice, any money they put in their pocket at the end of the year is ordinary income. They're paying ordinary income tax rate. And in California, New York and New Jersey, it's a lot of money. A lot of the dollar is going to that. So in doing an ESOP, part of the reason when you're selling, whether you do it through a note where you finance or go out and actually get financing for it, the proceeds you get, you're able to get them at capital gains tax treatment.

So if you look at it as the same as in a private equity deal where you scrape some income, put it into an MSO and sell that, okay, the proceeds you get from that, you're able to get ordinary income or a capital gains treatment versus ordinary income. Now you go then a second step, which is this is always falls into the category and I make sure to caveat this before I say it. If something sounds too good to be true, it

usually is that beware that caveat out there, the second it goes into the second point. The second point on this is that, if you take your proceeds and take them in cash when you do the transaction, the sale transaction, just like you would at doing a private equity deal and pay the capital gains tax, if you take a certain amount of those proceeds and invest them in something called a 10 42, you defer 100% of taxes, so not even capital gains.

So you're able to do a transaction and get all those proceeds and pay zero on the closing on taxes. And whether it's just an arbitrage from ordinary income to capital gains, or going the 10 42 route, it's extremely valuable. And if you look at it, like a lot of doctors do in doing a transaction where they say, okay, somebody's paying me 10 times, so I'm basically getting 10 years upfront, but what if I worked for more than 10 years? They always say, and that. But under that concept, the tax benefit is huge. The third bucket, so those are the first two very important. The third bucket, this is where it loses a lot of, sometimes it loses a lot of docs. If you think of a normal transaction where you had to go out and a leveraged buyout. In a leveraged buyout or a private equity transaction is the same way. For the amount of money that's paid to the doctors, they typically you're going to go to a bank and borrow that money. So what does that mean? You've got to pay back the bank.

And so if you think in terms of let's say you go to a bank, I'm just going to make up a number and say you go to the bank and borrow $10 million, you're going to have to pay principal and interest on that 10 million year one, year two until the bank's paid off. Well under an ESOP, this is where the IRS in the 70s came in and they said, we're going to allow the ESOP as the owner here to be a tax-exempt entity, not have to pay any taxes. And so as a result, that $10 million that you borrowed, if you weren't an

ESOP, you would have to pay in that $10 million. Let's say in year one, you have, after you pay all your expenses, you have a cashflow of a million dollars. And you want to pay the bank off as fast as possible. Well, as you know, you got to pay taxes first on that million dollars. And then with what's left over, let's say there's 600 grand left over, then you pay the bank 600 grand and it's going to take you how many years to pay it off?

Because you're a tax-exempt entity, you're able to pay back the financing with pre-tax dollars. So the whole million dollars, you're able to pay to the bank the first year, a million, the second. So you're able to pay off the debt and the financing the bank a lot faster on an ESOP because you're using pre-tax money. Huge benefit that the IRS is granted only to ESOPs. And then corollary on that third bucket of being a tax-exempt entity. If you think about it this way, and I tell practices this all the time. If you want to be in the M&A business and go out and buy the onesie twosie groups around you, but you don't have the money and you don't want to go to the bank as a tax-exempt entity, it's much easier to go do in the M&A because you're able to use pre-tax money on doing it. So it helps from an acquisition perspective.

But those are the, I mean I want to stay as high level, but those three buckets of tax benefits are so substantial that it really does differentiate itself from a physician group or even any other type of business. It differentiates from a value creation perspective, all those other types of models.

David Mandell:

And that was sort of my introduction to the concept years ago that it was a tax sort of a really tax-favored way to do a transaction if everything else lines up. And that's

what you guys are helping people with. So I don't want to ask more follow-up questions on it, because we're going to go down the road into more tax. Because I know there's an ERISA element to it and all that kind of stuff. So talk us through, again, high level, I'm an owner of the practice, we've got maybe other physician employee docs, and then there's the rank and file employees. If we do this kind of transaction, how does the ESOP impact the groups?

Bob Goettling:

Wow, David, that's a great question and that's one that I've focused on a lot. Because in doing over the years, over all these years, hospital deals, private equity deals, all the different types of deals out there, what always seems to be the common denominator, the older you are as a doc, the better it is. And you often see practices that decide not to do a deal because the old guys, hey, they want their money, they don't have that many years to practice. But the young guys have a bunch of years and they don't want to. And so every deal that I've seen, like I said, I don't care what it is, it'll work for the senior guys, it doesn't necessarily, unless you specifically make a way to do it doesn't work for the mid-level guys, the younger guys and the ones that haven't even joined, notwithstanding talking about the staff.

So what we did with our partners on figuring this out is we used an element of the ESOP, and I know we don't get too crazy here, but with the synthetic equity, we used that as a way to create a hybrid that addressed each one of those categories. So not only does this work from a monetization perspective for the senior partners, it also works for the junior partners and for the employee docs and for the staff. And I'll even go you one step further than nobody would ever be crazy enough to try to dig into.

We've even made it work for the doctors who you've not even brought into the practice yet. Who may, are still in training or in medical school or in high school that are going to come down the path.

David Mandell:

Fund for future owners or something like that.

Bob Goettling:

Exactly. Because as you know, the value in any physician practice, the long-term value is tomorrow, next year, five years from now, and those are going to be the docs that haven't even come in. So if you do a transaction where there's nothing in it for them, it's going to be hard to recruit, it's going to be hard to keep people and all that. So we specifically designed in this hybrid model of ESOP, a mechanism to benefit all those different groups.

David Mandell:

Yeah, that's interesting. And you and I will talk more about that offline. But that's important, because I think it keeps people from doing a deal. And I think it also, when a deal gets done, it's one of the reasons why it may not age well, because five years later, the docs who really got the benefit are kind of on their way out. The ones who are like, eh, okay, are still there. And then the new docs are like, "Got them. I don't want to be in part of this deal." So what, we've been talking about practices, what size practice are we talking about? Is this something that the solo plastic surgeon who's listening or watching, it makes sense for them? Or do we need 10 orthopedic

surgeons? Or do we need a super group? What size is kind of the sweet spot for considering this as an option?

Bob Goettling:

So the Department of Labor has some regulations as to you have to have a minimum number of employees, but any practice of 3, 4, 5 docs is going to be okay from that perspective. So that's not really a minimum issue. However, what we found, and again, this comes more, interestingly enough, David, this comes more wearing my ESOP hat as somebody who's company's been in-

David Mandell:

You've done it yourself.

Bob Goettling:

Than the investment banker trying to. That I don't think it's appropriate for a group that has less than 15 or 20 doctors. Now, again, that's not to say that a group of 10 doctors can't do an ESOP and be very successful. What I'm saying is that, to do it right, to go through all the steps, the cost of doing it and everything, I think you have to have size higher than that. And so the number I've been using, that we've been pretty much using is 15 to 20 docs. And so as a result, we're targeting the larger practices, doesn't matter the specialty, but the larger practices in the country. And that's only because, for our model and to make sure everything is done right, we think it needs to be bigger to make the economics really work for everyone.

David Mandell:

Yeah, it makes sense. I mean, listen, every medicine has its applicability and I don't think you didn't expect you to say, "Hey, this can work for everybody." Because, that's like, didn't you say something before about too good to be true? So there's a sweet spot and we need to know that. So speaking of that, what are some of the downsides? What would people come to you and say, "Hey, what should I be looking out for?" Almost like we'll get to red flags in a minute if we're going to use the analogy, the side effects of this medicine that we got to be concerned about?

Bob Goettling:

Yeah, I mean, and the first one and the biggest one is the complexity. As I said earlier, David, and this is, I tell my doctor clients this all the time when we talk about ESOPs, that as a one-year lawyer before I got out of that as an M&A guy, you would think that I would get an ESOP pretty quick. In all honesty, and again, it was probably two or three years into our ESOP before I really understood all the way it worked in that. And by the way, physicians may never get to that level of understanding it. Because it's not appropriate, they don't need to understand it to that degree. But because you have the IRS who loves to come in and audit stuff and they audit ESOPs to make sure, because remember all those tax things we talked about, they want to make sure that everybody's staying within the lines and not going too far over what they've allowed. So you have the IRS involved and you also have the Department of Labor.

A department of Labor actually oversees ESOPs, that's part of their job. And so the complexities of both of those, and then let's add on all the normal complexities from

a governmental perspective on physician practices, all the regulation, all the stark, and [inaudible 00:28:52].

David Mandell:

It doesn't go away.

Bob Goettling:

And the health care sector, there's a lot of stuff. So those are the detail of it and the understanding of it and everything is the toughest thing. And a lot of times, I can now see when I'm talking to physician groups and everything, you know what, yeah, this would be great, but we're not as hands-on enough to wear this. This would be too big of a bite for us to try to chew off. And so that's the biggest thing that I would say. And the second, from a negative perspective or what can go wrong type of a thing, would be that, and this as well as I do in this business, a group of physicians can go to somebody who has never done an ESOP or never done a private equity deal and say, talk a good game and get them to put their trust in them to go forward and they can really get them in a lot of trouble. That goes in spades here.

Especially with the Department of Labor and the IRS, you really do have to know what you're doing and do it right. And that doesn't just mean that you're even an ERISA lawyer. I'm sure plenty of those guys as I do too, most ERISA lawyers don't even understand the complexities of how to do, especially for something like a physician group or that how to do an ESOP. And so it's very, very specialized and very important that you have the right folks doing this for you to keep you out of trouble.

David Mandell:

And that makes a lot of sense to me. You had said, the docs don't have to know how it works or all the complexities of it. It's like a watch. A lot of the people listening and watching probably have nice watches. They don't know exactly how it works, I mean, they know there's some spring in there and et cetera, but it'd be hard to describe how it worked completely. But it tells time and they have some basic idea of how it works, and I get that. But do you, is this a success factor to overcome that complexity? You need one doc on the team who's really willing to dedicate. Do you need, and this gets back to the size of the practice, you need a full, are you looking for a practice, not just 15, 20 docs. But we need that kind of size because we want there to be some professional manager of the practice, like a CEO or somebody who is a business thinker and is already running the practice and has the bandwidth to say, "Okay, I could take on the knowledge of a whole other structure in addition to the day-to-day and be able to explain that to the owners in the practice, the docs."

Or is it that they've got to hire the right firm, obviously bloom, this is what you guys do, or having the right key attorney. How do you overcome that? I guess is what I'm saying, because it sounds pretty daunting. Even for a wealth management firm like us, where you got a CPA, an attorney and MBAs and all this like, oh man, there's a lot to take on for a bunch of docs who are just trying to keep up with their own specialty, I could see why it would be tough. So how have you seen practices overcome it, I guess?

Bob Goettling:

Yeah, and I think there's two aspects of what in that. The first aspect is, I look for when we're presenting this at first level, it's usually to a doc or to a CFO or to a CEO of a bigger group. We're presenting this to see if they, hey, do you want to even find out more information to take it to that level? And then it takes different steps of bringing them in. And they don't know this, but what we're doing on the other side, what we're presenting to them and educating them on how an ESOP works and all that. What we're looking at, is we're looking at them and how do they have, how do they make decisions? How is the group run? Because as you know, that's all over the board.

And when you find a group, and we see a group that has a board, typically a physician board, but has good management, has a CEO, has a CFO, and the board acts like a real board of directors. They don't need to understand every detail. But they're presented to the big picture questions, they answer them, which determines the direction that things go, but they don't try to get into the details. That's the best setup for an ESOP because it'll be the most efficient, and the docs on the board won't go crazy because they don't let themselves get mirrored into too much detail. So that's one thing that we look for that's ideal for an ESOP, versus a, and it can be a big practice that has still one owner who micromanages everything that can be a problem.

The second bucket though, of what you said there that I think is very important is the different, and I like to point this out all the time, that in a private equity deal, in a hospital deal, in another type of a transaction for a physician group, there may be reasons or there should be reasons in addition to the economics for why they want

to do it. We are, I'll give you an example. We have terrible rates. We cannot negotiate with anyone. We can't, we're terrible at being able to run the staff. We need help on this. We have never been able to capture our ancillaries. We need to be able to capture our ancillary, we need help on that. All those things can, where outside help coming in can be very beneficial to the practice. In an ESOP, you don't have that, because you're not selling to somebody who has that expertise, you're selling to yourself.

And so either you better have it, because it's not going to, once you do the ESOP appear the next day out of nowhere, so you better have it or you better have a plan for how you're going to bring it in. And so I think you got to look at both of those from when you're trying to see from a physician group perspective, from our side, is this something that might work for you all?

David Mandell:

Yeah, it sounds like you look, the right practices are ones that are already in pretty good shape. I mean, from a management's point of view, from a strategic, they've got their ancillary, et cetera, and this is something that could take them over the top or that could allow them to do something, but not the traditional sale. Versus one that might be, "We've got a couple, we have good docs, we do a good job of this, but we're not so business oriented, that's why going into a larger M&A funded platform might be good for us." And that's fine, this isn't meant for every single practice, that's helpful. Last question. Obviously this is something you guys do. But what should if folks are interested or they go down the road that they should be looking for in an

advisory firm or in an attorney or in some key professional, and what other side of the coin is, what's a red flag that they should be looking out for in that search?

Bob Goettling:

David, I know you and I are on the exact same page on this with a strong belief, and this is whether it's a private equity deal, an ESOP or anything, that getting the right counsel, I'm not talking about legal counsel, financial and all that, is so very, very important. And to that end, and I get myself in some trouble, a lot of times it's very rarely your brother-in-law, the accountant or the attorney, you need to go to somebody who this is all they do. And I will even say in investment bankers, investment bankers that deal with physician practices, I don't believe that there are any that have done these. And you would really need to have several of them under your belt. I got the one-two punch, we do them and we are one.

And still with that, David, still with that, we've partnered with an investment banking firm that does nothing but ESOPs. So that just is a way to show that it is very, very important to get, and that goes back all the way down to the lawyers, to the healthcare regulatory to get the right counsel on that because you want, the money is spent upfront, getting the right stuff will save you an awful lot of headaches down the road.

David Mandell:

Yeah. Well, it sounds like given that, listen, we advise a lot of physicians and client hasn't come to us yet and say, "Hey, what do you know about ESOPs?" That did not happen. This came from a professional setting. So it is a subspecialty. I mean, I think

that this isn't, as opposed to if anybody's watching or listening on just private equity deals where we're season five, we probably had 10 guests on some side of it. Either docs who've done it before, or like I mentioned before, investment bankers or attorneys or private equity firms themselves, et cetera. But I haven't had anybody on ESOPs. So that strikes me as, you've got to find advisors who have done this multiple times over, and that world's probably not that large. So really interesting.

Maybe we'll be talking about this more and more. It sounds like for the right clients, I go all the way back to my CLE course on ESOPs. I knew there were significant tax benefits, but I think this is really valuable and obviously we'll put Bob's contact information in the show notes, so anybody who's interested can reach out. So Bob, thank you so much for being on. I think it was really valuable.

Bob Goettling:

Thank you, David.

David Mandell:

And to everybody listening, if you found this valuable, feel free to subscribe. Give us five star ratings if you're so inclined. Leave us a nice comment. Tell your colleagues and friends we're growing and look for us in another two weeks, another new episode. Thank you.