



BIG MONEY IN ABA SERIES

**Who's Buying? Who's Selling?
Who's Winning? Who's Losing?**

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SL Global
www.SLGlobalSolutions.com

Presenter



Jon Bailey, PhD, BCBA-D

Jon Bailey, PhD, BCAB-D received his PhD from the University of Kansas and is currently Professor Emeritus of Psychology at Florida State University, where he was a member of the graduate faculty for 38-years and produced a record 63 PhDs.

He is currently Director of the FSU Panama City Masters Program in Applied Behavior Analysis. Dr. Bailey is a Board Certified Behavior Analyst. He is Secretary/Treasurer and Media Coordinator of the Florida Association for Behavior Analysis (FABA), which he founded in 1980.

Often considered the “father” of the topic of Ethics for the field of behavior analysis, Dr. Bailey has published over 100 peer-reviewed research articles, is a past editor of the *Journal of Applied Behavior Analysis*, and is co-author of *Research Methods in Applied Behavior Analysis*, *How Dogs Learn*, *Ethics for Behavior Analysts, 3rd Edition*, *How to Think Like a Behavior Analyst*, and *25 Essential Skills and Strategies for Professional Behavior Analysts*, all co-authored with Dr. Mary Burch.

In 2014, Dr. Bailey co-authored with Aubrey Daniels, the 5th Edition of *Performance Management: Changing Behavior That Drives Organizational Effectiveness*, a seminal book on performance management.

Presenter



Karen Chung, CPA, MBA

Karen is the Founder and CEO of Special Learning. She started the company in 2010 upon learning about the effectiveness of Applied Behavior Analysis (ABA) and the reality that over 95% of the world did not have access to **quality** ABA. As an entrepreneur with over 20 years of business experience, she started Special Learning to leverage existing and emerging technology to make quality ABA resources and services available to parents, educators and professionals around the world.

Karen's entrepreneurial experience includes starting and growing a diversity retained executive search firm specializing in placing women and minority executives in leadership positions of Fortune 1,000 companies. Her investment banking background includes working with various venture capital and private equity companies to facilitate deal flow while representing CEOs of rapidly growing companies seeking to raise equity and debt capital for various middle market businesses and commercial real estate developers. Her corporate background includes various leadership and functional roles in Fortune 1,000 and middle market companies. Her additional entrepreneurial activities include owning and operating high end boutique

She graduated with a Masters of Management degree from Kellogg Graduate School of Management of Northwestern University. She is a Certified Public Accountant and a recipient of the Elijah Watts Sells Award from the American Institute of Certified Public Accounts (AICPA).

Housekeeping

1. Post your questions in the Questions Box. If we have time, one of our moderators will select a few to present to our panelists.
2. If you experience technical issues during the webinar, contact GotoWebinar directly by calling (877) 582-7011.
3. There will be a 5-minute break near the halfway point.
4. A paid recorded version of this webinar will be available for purchase approximately 7 to 10 days after the live event.
5. This webinar is NOT eligible for any CE credits.
6. Please complete the survey after the webinar to receive a Certificate of Completion.
7. **Additional market research findings will be available on our newly created BIG Money Resources Page.**
8. **Additional Q&A Video clips will be available on our newly created BIG Money resources page.**
9. If you have any post webinar questions or comments, please send an email to kchung@special-learning.com.

Outcomes

- Participants will be able to explain the history of PE activity in the field of behavior analysis;
- Participants will be able to describe the impact of BIG Money as it pertains to health outcomes;
- Participants will be able to list major factors that impact valuation;
- Participants will be able to describe an alternative investment model – Employee Stock Ownership Plan – and the pros/cons to implementation
- Participants will be able to list proactive measures that agency owners, BCBA's and RBTs can take to protect the integrity of the science and field of behavior analysis.

Downloadable Resources

- Private Equity's Emerging Interest in ABA (Article)
- Special Learning Research Findings
- [Selling Your Business: 10 Critical Strategies](https://thebraffgroup.com/wp-content/uploads/2019/04/Selling-Your-Business.pdf)
<https://thebraffgroup.com/wp-content/uploads/2019/04/Selling-Your-Business.pdf>
- [When is the Right Time to Sell?](https://thebraffgroup.com/wp-content/uploads/2019/03/When-Is-The-Right-Time-To-Sell.pdf)
<https://thebraffgroup.com/wp-content/uploads/2019/03/When-Is-The-Right-Time-To-Sell.pdf>
- Main Street Employee Ownership Act Explained – Rutgers
- BIG Money Resource Site
 - DB of PE and PE-backed Organizations
 - Question and Answer Videos
 - Question and Answer Text
 - Links to Resources

Poll

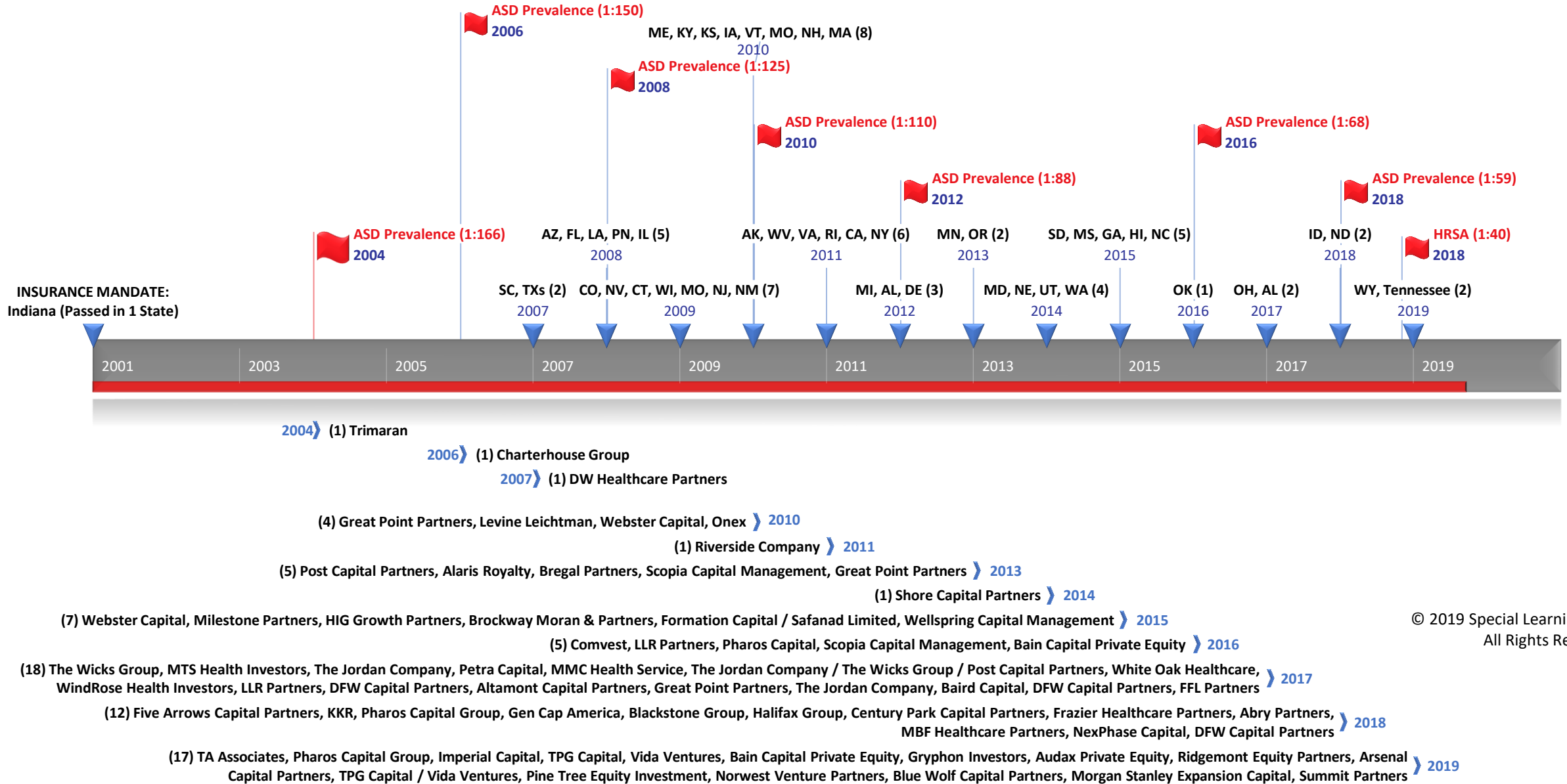
Has your company been approached by a Private Equity, PE-backed Agency, or other financial / strategic acquirer?

- Private Equity firm (new to our field)
- PE-backed Agency
- Other Financial Investor / Buyer
- Strategic Acquirer (independent organizations familiar with healthcare)
- Other

If you are interested in selling your agency, which would you consider selling to?

- Private Equity firm
- PE-backed Agency
- Financial Investor
- Strategic Acquirer (independent organizations familiar with healthcare)
- ESOP

What's the Connection? ASD Prevalence: Insurance Mandate: PE Activity



Impact of Private Equity

- Changes in business practices
 - Positives
 - Negatives
- Ethical considerations
- Ultimately...
 - Impact on the field of behavior analysis?
 - Impact on client outcomes?
 - Impact on RBTs / BCBAs
 - Impact on science of behavior analysis / perception of ABA

What's Being Reported?

Private Equity & Venture Capital Goals for ABA

We become their Billable-hours Factory & Sweatshop

Is This the New
Norm?

What Does
This Mean?



5-Minute Break

Proof Positive Sale to Autism Learning Partners

Heather's Story: Backdrop

- Rapid growth due to Insurance Mandate
- Strong reputation (client outcomes; HR practices)
- Switching role from clinical to business
- Strong infrastructure
 - Clinical and Operating Staff
 - Strong clinical practice
 - Strong billing
 - Strong financials (including cash reserves)
- Pregnancy
- Burnout
- “Just Right” PE-backed firm
- Timing

Impetus Behind Selling

What lead you to
even think about
SELLING?

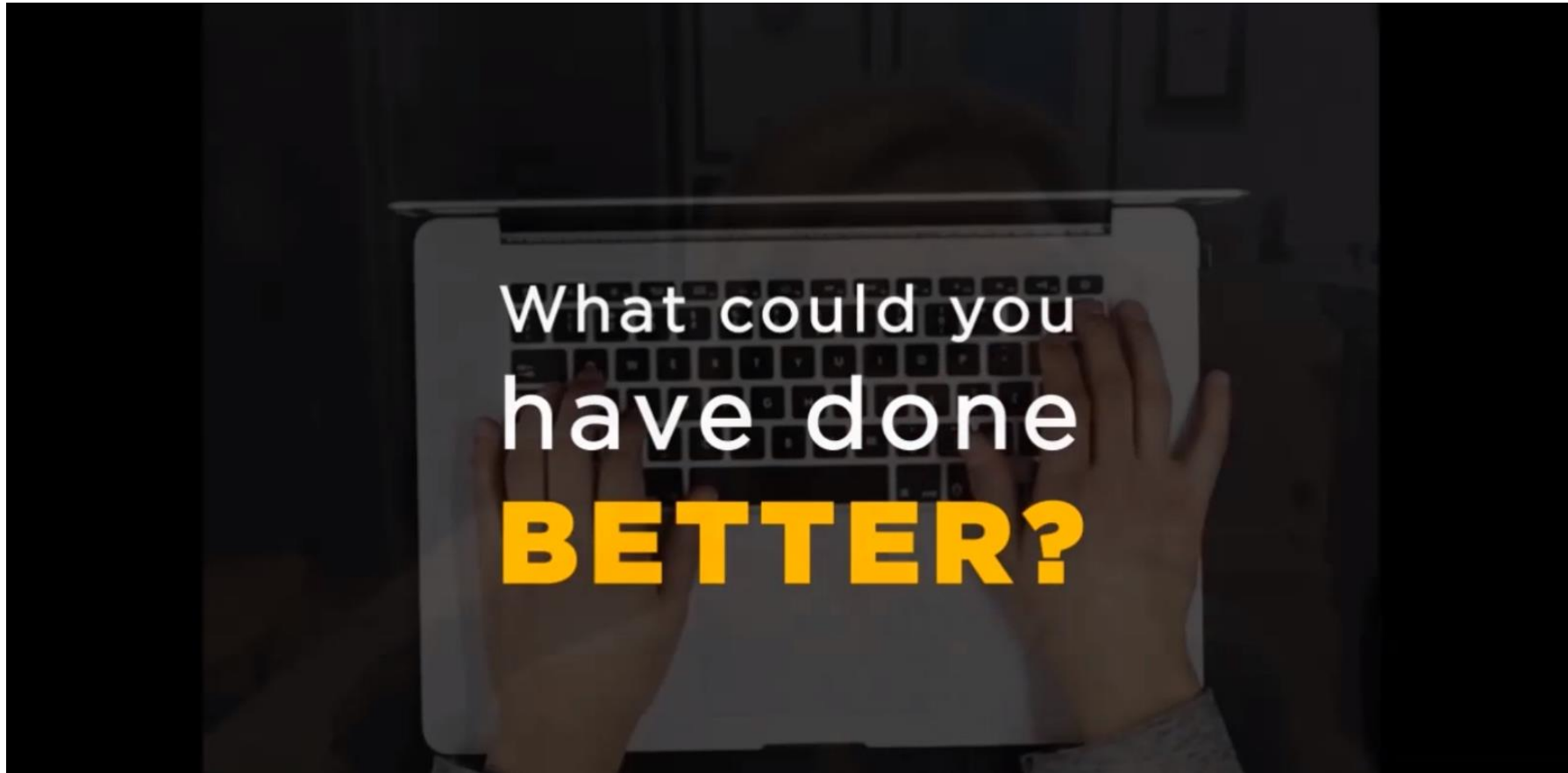
Conducting Due Diligence on ALP



Determining Valuation



What Would You Do Differently?



Autism Learning Partners Sale to FFL for \$270M (2017)

FFL takes home Autism Learning Partners in \$270 mln-plus deal

December 20, 2017 By [Sarah Pringle](#) [Follow @sarpring](#) 1,050 followers

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- Selling shareholders: Jefferson River Capital, Scopia Capital Management & Great Point Partners
- ALP to generate >\$16 mln in 2017 adj. Ebitda
- Sources: Summit-CARD deal never closed



Autistic boy building with blocks. Photo courtesy of UrsaHoogle/E+/Getty Images

The highly anticipated auction for **Autism Learning Partners** has concluded, commanding north of \$270 million through a sale to **FFL Partners**. The transaction represents the vertical's largest-ever sponsor deal, according to sources familiar with the situation.

The sellers include **Jefferson River Capital**, the family office of **Blackstone** President and COO **Tony James**, and **Scopia Capital Management**, which prior to the sale owned a combined interest of about 70 percent, two sources said. The stake of ALP's earliest investor, **Great Point Partners**, stood at close to 20 percent prior to the deal, they said.

The transaction, valued between \$270 million and \$280 million, follows what was said to be a robust sales process conducted by **Berkery Noyes & Co**, as previously reported by *Buyouts*. The auction kicked off in mid-2017, producing around 20 indications of interest in its early stages, one of the sources said.

Autism Learning Partners Seeking Deals

Autism Learning Partners actively seeks buys, CEO says
by Deborah Balshem in Fort Lauderdale
April 19, 2018

Autism Learning Partners (ALP), a privately held autism therapy and education services provider, is evaluating acquisitions in existing and new markets, according to CEO Jeffrey Winter.

With new owner **FFL Partners**, which acquired a majority of the Glendale, California-based business in January, ALP is eyeing targets in major metropolitan areas with more than 250,000 people, Winter said. New states of interest include Illinois, Indiana and Florida, he added.

The company's sweet spot are targets with between USD 1m and USD 20m in revenue, though ALP is willing to look at larger deals, the CEO noted. Ideally, targets will have at least three board-certified behavioral analysts (BCBA), he said.

ALP is projecting close to USD 110m in revenue this year, up from approximately USD 72m in 2017, according to Winter. Roughly 10% of its revenue comes from schools, 35% from insurance and 35% from Medicaid.

Valuations in the space typically range from high single to double-digit EBITDA multiples, depending on growth, margin profiles and revenue breakdown, Winter said.

ALP provides Applied Behavior Analysis services, mainly in-home, to roughly 3,600 families throughout California (its largest region), Colorado, Connecticut, Massachusetts, New Mexico, New York, North Carolina, Ohio, and Texas. It has 24 support offices, which all provide social skills programming and training to parents of autistic children. A couple offices also offer speech and occupational therapy, programs ALP plans to expand as part of its initiative to develop more center-based services, Winter noted.

The company has just shy of 3,000 employees, of which 160 are BCBA's, the CEO said. It is on pace to deliver approximately 1.8 million to 2 million hours of care in 2018.

Overview of an ESOP Framework

Main Street Employee Ownership Act

Pros / Cons of ESOP

PROS

- Benefits to owner (seller)
- Benefits to employees
- Benefits to customers

CONS

- Complexity
- Transaction Cost (\$500K and above)

Qualifications

- \$5 Million to \$7 Million
- 20% EBITDA
- Strong business fundamentals
- Strong clinical practices

Current ESOP Implementation Activity in ABA

Activity	Status
• Understand industry	75% complete
• Understand business dynamics	35% to 50% complete
• Source deals	Start Feb 2020
• Letter of Intent	Post deal selection
• Negotiation	Post deal selection
• Due diligence	Post deal selection
• Hire Trustee	70% complete.
• Form Board of Directors	50% complete. Need to add industry
• Select funding source	75% complete. Shortlist available
• Close funding	Post deal selection
• Create ESOP Platform	70% complete. Will replicate
• Select executive team	Post closing
• Operate as ESOP	Post closing

Path to Solutions

Formalize Ethics Standards Board for ABA Provider Organizations (April 2020)

- Organizational Code of Ethics
 - Ethical standards, clinical outcomes guidelines, organizational business practice guidelines
- Key Ethics Indicators
 - Supervision Ratio
 - Clinical Staff Turnover
 - Client Satisfaction
 - Investments in Training
 - Supervision Hours per RBT / Behavior Techs
- Knowledgebase (Contribution from the field)
 - Database of PE and PE-Backed organization
 - Rankings (metrics)
 - Deal Terms
- Facilitated Roundtable Discussions for BCBA owners
- Deal team Co-op
- Closed Facebook Group (extensive vetting) for BCBA owners

Implementation of ESOP Platform (Vetting process Feb/March, 2020)