

PRACTICE **VALUE** INDEX

FRANK TAYLOR AND ASSOCIATES



For a variety of reasons some owners are starting to think about realising the value of their practice and goodwill in preparation to sell their practice. This can be a stressful time but it needn't be.

Choose the right agent. Any agent worth their salt should supply you with an information pack detailing their fees, who they represent (as some agents work for both the buyer and seller which can produce a conflict) their business procedures and terms of business. They should also be able to evidence they have a number of dentists on their books who are actively seeking to buy a practice just like yours. Ensure that the agent you have chosen will take the practice to the full open market and not just to people who may be advantageous to their interests.

Start to gather information you will need for the due diligence, such as certificates and invoices for equipment, employee contracts, utility bills and of course your accounts for the past three years. If you have it prepared in a file or on a computer system it will make life easier during the sale process, a lot of what is required you will already now have 'to hand' due to CQC.

Confidentiality is so important during the sales

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process. You do not want your staff or patients to be unsettled before you can introduce them to the new principal. Ensure the agent you use has the right level of integrity and experience to ensure the marketing of your practice is effective but totally confidential.

Many parties may need to be involved in the process of the sale, e.g. solicitors, accountants, IFAs, banker, so make sure you are happy you can work comfortably with all, and if in doubt ask for personal recommendations. Now more than ever it is vital that you work with professional advisers who really are specialists in the dental sector.

Is the valuation realistic and achievable? Remember don't just take the highest figure - find out what other practices similar to yours are selling for (not just valued for). I have heard that there are some people that say that 'one size' fits all for practice values and a matrix is all you need to calculate a value. To me that's a bit like treatment planning based purely on the number of teeth you have without looking at anything else.

Are the premises freehold or leasehold? If they are freehold you may be concerned with the current value and want to create a lease. This way you can sell the freehold when the market improves but in the meantime achieve a rental income from the lease. If they are leasehold then all new draft business details will need to be agreed by the site owner as well as the tenant.

With any luck, several offers will be made to you. The agent will maximise each offer made to you but at the end of the day it is your decision. Remember - the highest offer may not be the best! Unsuccessful bidders may be kept on file in case there is any issue or complication with the sale.



Information supplied by Frank Taylor and Associates. For reasons of confidentiality we cannot name the practices or show pictures of them, but all have been sold within recent weeks. www.ft-associates.com

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