

# Diary of a practice sale

## Laurence Lando tells dentists that parting with a much-loved business can be a heart-warming affair

The time had come to consider the sale of my practice. Not to fully retire you understand – the only time I will be fully retired is when they screw the lid down! I had owned my practice in Surrey for over 30 years and had been fully private for 21 of those busy years. It was (and is) a successful suburban practice and I felt that the practice needed younger colleagues to infuse and continue our success. After all, we had been the very first independent practice in the UK and had matured into a practice based on the ethos of preventive dental practice.

At the beginning of 2010, we had a family conference (I'm a great one for democracy!) and discussed the issue. I wanted to sell the practice but also continue working there if I possibly could. How could this be achieved? My son intimated that the practice was at a 'tipping point' and further success required new owners.

I had always had a lot of respect for Frank Taylor and Associates; right back to the days when Frank himself was involved. I therefore felt that there was only one choice and got in contact. I initially met Chris Strevens in August 2010 and he certainly reinforced my impression that they were the people to see. I had been contacted by other agencies but none appeared to have the strength in depth that FTA demonstrated.

### Complex

I think it was at this stage I realised that I had a lot to learn. I believe myself to be reasonably streetwise in

the dental and business sense but the sale of a business is a complex issue; the sale of a dental practice, even more so. I really had no idea what the practice was worth and hence why I had asked an expert. Another family conference was called and we felt that the time was right to sell. In September 2010 Chris did a valuation of the practice (the cost of which was deducted from their fees, when the practice was sold).

What were particularly useful at this stage – the 'pre-sales period' – were the strategies that Chris and I sat down and discussed. This was an absolutely vital time and if I had my time again I would make sure that I had a two-to-three-year lead in period to make changes. For instance, I had been referring out a lot of work at the practice that could have been done 'in-house'.

If we had more time, I would have brought in specialists for the endo, ortho, perio, etc. However, we did manage to make some changes and I began offering implants – with an oral surgeon placing and myself restoring them. This period of time, prior to the selling, will ensure you maximise the selling price, ensure more and better potential purchasers, and allow you to continue as a part-time consultant/mentor to the practice; a true win-win arrangement and essential to maintain patient retention.

I have spoken to colleagues who have had practices that they couldn't seem to sell and I think that the main problem was that they were too involved and on the 'inside'.

### No axe to grind

To speak to someone external to the practice, with no axe to grind, adds objectivity to the process that the owner simply cannot offer however hard they try to step back. FTA comes with a wealth of experience and can impart how to get the best value, present the practice and offer sound business advice. In November 2010, we had the official valuation of the practice that was much improved due to the changes that we had made. So, we went to market! It would be no exaggeration to say that we were flooded with interest; and, in the main, not timewasters. We had almost 20 serious applicants who viewed the practice and from this we received 3 bids that were considerably above the asking price.

We did receive two visits from corporates though – I felt that they were looking at the practice like a lump of meat. This was my practice and I had invested more than 30 years of love and care into it. They saw the physical building and the figures but perhaps couldn't visualise the potential. It would be fair to say that the offer they made was at a 'fire sale' price. We also spoke to another local practice that wondered if we would be interested in merging into their group. I wasn't interested as I didn't want to get involved in another, bigger practice.

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Of the three bids that we entertained, one of the three then had to pull out and we decided to accept the bid with what we felt had the best plans for the practice. After all, I was intending to carry on working there and these were my patients and my staff – I wanted the best for all of them.

Naive as I was, I thought that, if the bid was accepted in November, it would all be done by March. Fat chance! These days most practice sales are taking an average of four to six months to complete, and possibly up to eight months. I suppose if you imagine a house sale can take two to three months then if you factor in goodwill, staff, regulation and so on, it perhaps isn't that surprising. The deposit wasn't placed until April 2011 and then there was a lot of legal to-ing and fro-ing.

The buyers' solicitors were experts in the dental field and as you can imagine had a huge amount of queries and points to raise that had to be settled. I found this time to be quite stressful what with all the taxation, regulation and so on – there were many days when I felt that I really couldn't be bothered with it all. This was when I found another benefit of working with Frank Taylor and Associates – there is always someone with knowledge who can listen to concerns and act upon them. They can act as a buffer – at some stages of the process I was calling them two or three times a week. They always took my call and gave me an answer, even if wasn't what I wanted to hear. I am quite sure that Carly was fed up with the sound of my voice! I suppose they could also be compared to a Dutch uncle – telling sellers what they don't always want to hear but what is best for a successful outcome. That they also helped the purchasers find finance, and the bank fully substantiated the value of the practice, which was another feather in the hat of Chris Strevens.

As mentioned previously, there was a separate agreement from the sale that would allow me to carry on working at the practice as a part-time consultant for a further two to three years from the date of sale. This allowed me to support the new owners and ensure that my patients were comfortable and encouraged to stay at the practice. The sale went through on 22nd August 2011. My bank manager called me to tell me that the funds had arrived – the first thing that I did was pay Frank Taylor and Associates invoice, they had earned every penny!

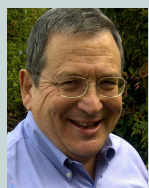
#### What did I learn?

I have shared my story with you as I hope it will be useful to learn from my experiences and ensure that your practice sale goes as smoothly as possible. Whatever stage you have reached in your ownership of your practice, selling it is inevitable so be prepared by thinking well ahead of that time. Get an expert to advise how to set out your 'stall' for your benefit.

As well as an independent agent, use specialist solicitors and accountants, in this case many thanks to my lawyers, Coleman & Betts, my accountant The Greene Partnership and even the lawyers for the purchasers, Lockharts.

Now I can carry out my dentistry free of administrative worry. I have to say that it is bliss – I heartily recommend it!

For more information, call 0845 612 3434 or visit [www.ft-associates.com](http://www.ft-associates.com).



Laurence Lando is an opinion leader who has been in UK dentistry for more than 40 years. As well as running a successful private practice in Surrey, Laurence has written widely for the dental media. He helped set up the Independent Dental Practitioners Group in 1990, which became the

Private Practice Group of the BDA, and its first chairman, and worked with many dentists on the move away from the NHS and to private practice. He has also contributed to the FDI Commission on the 'Health of the Dentist', and was elected to Fellowship of the International College of Dentists in 1985.

## Laurence's handy hints

- Take a long hard look at your practice every year whether you are considering selling or not. How is it performing?
- Speak to someone independent and objective in advance of selling; they can offer you advice and opinion that you may not even have considered as you are 'too close' to the business. In my case, Chris Strevens made me look at my practice with new eyes.
- You should be thinking about your practice sale at least two years before you wish to start the sales process. This will give you the opportunity to make necessary changes to improve the business and potential sales value
- Get the practice professionally valued. Otherwise, let's be honest, you'll be guessing
- During the pre-sale period, ensure you make changes that will maximise the selling price. Step back so you can continue as a part-time consultant/mentor
- Be time aware: Most practice sales are taking an average of four to six months to complete, and possibly up to eight months
- Having an expert advisor to hand is useful as a buffer
- This is a big life decision as well as a business one. Involve your family and make sure that you know what you want to do afterwards
- Choose the right purchasers. This may or may not be the highest bid but they should value your advice and opinion so that they fulfil the future potential of the practice
- During the sale, ensure that the practice maintains its potential. The sale may not go through so don't take your foot off the gas.