

## The original and authentic Practice value index

# Hot property

There is still high demand on the market for well-run private practices, despite rumours to the contrary, says **Frank Taylor & Associates**

I am happy to report the value of dental practices continues to remain high and the rumours that private practices are not selling is totally baffling to us, as we see a consistent demand for a well-run private practice and have achieved in excess of 130% in certain cases.

Obviously it is always dependent on the practice in question, but we do want to quell the rumours that a private practice cannot be sold. What we can evidence it is still very much a sellers' market and every month without fail we receive at least 40 applications from associates wanting to register with us, and the appetite for purchasing dental practices is becoming even more intense.

And, with 14 banks lending actively to dentists, coupled with the recent pension reform that enables the over 55s to withdraw up to 25% of their pension pot tax free, the bank of mum and dad is certainly adding to this.

### Well managed practice

Every time a potential purchaser registers with us we refer them to FT&A Finance, our sister company, to assess the funding ability of the person, and providing they are successful they are issued with a certificate to confirm their funding

#### Practice one - Lincolnshire

**Practice location** - The practice is situated in a busy market town location, and is in a prime location in a mix of residential and commercial properties.

**Practice type** - This is an associate run four-surgery mainly NHS practice, which is based in a two-storey terraced property. It is equipped to a very high standard and is being sold to release the principal to pursue other avenues. There is a great potential to develop the private income. This is leasehold sale with 10 years remaining on the current lease.

**Practice financials** - The gross fee income from the management information for the past 12 months is in the region of £575,000 and is derived from 97% NHS-GDS contract with a UDA rate of £26.31. The gross has been generated from three full-time principals; the professionals complementary to the clinical team comprise of three full-time dental nurses, a full-time practice manager and two part-time receptionists.

**Price achieved** - A price of £853,566 was achieved, which was the asking price.

**Agent's comments** - This practice has capacity to grow and is in great shape for an incoming principal to develop the private element and this plan is supported by the local demographics. The incoming principal can reduce the staffing costs by undertaking clinical work and as the practice develops the private element there will be an opportunity for a hygienist to be employed.

position. This way if you are selling your practice we can guarantee the people viewing the practice will have the ability to fund the purchase.

Now more than ever, running a successful practice demands more than clinical excellence and as the CQC becomes more robust in its inspections, particularly when they are looking for all practices to be, amongst other things, well led and well managed, principals need to have well trained and capable practice managers.

There are numerous courses out there for practice managers and if you are considering such training then our suggestion is to find a course that focuses on the factual and theoretical concepts of management and leadership within the dental sector, that way your practice manager will study a range of reasoning and practical skills required to



find solutions to routine challenges and specific problems frequently found in dental practices.

As a busy practitioner you will benefit as your practice manager develops self-management skills and skills for the supervision of the routine work of others, and will be able to play an active role in audit and evaluation processes necessary for quality management and continuous improvement.

### Inspection-ready

The icing on the cake is that if you do invest in this level of training for your team, you will have far less to fear on a CQC inspection; we are already starting to hear of inspections where the practice has

failed due to lack of management training or skills.

If you are starting to think about your exit strategy or succession planning, or want some guidance on management training and development for your team, I would be delighted to hear from you. **D**

**FOR MORE INFORMATION** call Frank Taylor & Associates on **0330 088 1156** or the regional office on **0161 393 7107**, email [team@ft-associates.com](mailto:team@ft-associates.com) or visit [www.ft-associates.com](http://www.ft-associates.com).

#### Practice two - Hertfordshire

**Practice location** - This practice is situated in the heart of a very busy town centre on a first floor of a prominent corner property. There is plenty of parking in the surrounding area with free street parking. The town is within 40 minutes of central London by train with a high percentage of commuters.

**Practice type** - This is a two-surgery fully private practice, which has been established for 35 years. The practice has been incorporated into a limited company and is therefore a share sale. The sale is to facilitate the relocation of the principal abroad. This is a leasehold sale with a 20-year lease and an annual rent of £16,000, with a rent review in three years.

**Practice financials** - The gross fee income from the accounts for the past 12 months is in the region of £650,000 and has been generated by the principal working full time at the practice with one hygienist working one day a week and another hygienist working two days a week and every fourth Saturday. In addition there is one full-time dental nurse and a trainee dental nurse. Professionals complementary to the clinical team comprise of a one full-time and one part-time receptionist.

**Price achieved** - A price of £750,000 was achieved, which slightly less than the asking price and finance was sourced via FT&A Finance.

**Agent's comments** - This practice proved to be very popular due to the combination of location and a net adjusted profit of 55%. Add to this an opportunity to extend the opening hours and to increase the frequency of Saturday openings. With the principal relocating abroad there is not an opportunity for the incoming principal to work alongside him; however, with extensive marketing to the existing patient base and a number of marketing initiatives this should not prove to be a concern.

#### Practice three - central London

**Practice location** - This practice is housed in a superb period terraced property and is extremely well presented and provides an outstanding environment for both patients and staff.

**Practice type** - This is a three-surgery, fully private practice with a large proportion of the income generated through cosmetic dentistry. It is being sold as leasehold and is a share sale, which means the legal entity is a limited company.

**Practice financials** - The gross fee income from the management information for the past 12 months is in the region of £1,100,000. The gross has been generated from one of the principals working four days a week, an associate working three days a week and a hygienist working two days a week. In addition there is one full-time and one part-time dental nurse, a full-time practice manager and full-time receptionist.

**Price achieved** - A price of £750,000 was achieved, which was the asking price.

**Agent's comments** - The principal wanted to release himself from the administrative burden of running a practice so he could focus on the clinical dentistry he enjoyed with his established patient base. This gave a level of comfort to the incoming principal who was delighted with the opportunity of a smooth transition. This is particular benefit for a high-end practice where the patients are more often patients of the dentist rather than patients of the practice.

#### Practice four - Home Counties

**Practice location** - This practice is located in a semi-detached property in close proximity to residential properties and local high street shops. There is parking at the practice and additional street parking.

**Practice type** - This is a six-surgery private practice, which has been established for over 90 years and is being sold to enable the principal to focus on clinical dentistry. It is a leasehold practice with a new 15-year lease. The business was incorporated within the past two years and is a share sale.

**Practice financials** - The gross income from the management information for the previous 12 months was in the region of £900,000 per annum with three associates each working three days a week, three hygienists working two days a week and two specialists working half a day each. In addition there are two full-time receptionists, three full-time nurses and a full-time cleaner.

**Price achieved** - A price of £1,500,000 was achieved, which was significantly in excess of the asking price and the funding was source from FT&A Finance.

**Agent's comments** - This practice generated a huge amount of interest when it was launched to the open market and enforces our comments that a well-run private practice in a sought after location is an incredibly attractive proposition. In this case we were able to market the practice to 1,325 dentists - which is 25% of our database of dentists currently registered looking to buy a dental practice in England and Wales - who had registered looking to buy a fully private leasehold practice in this region - need we say more?