

Reduce stress, maximise your business

Frank Taylor & Associates discusses how a few tweaks to your business can have a positive impact

It's our business to deal with principals who are often at a very stressful time in their life, either considering their options as they approach retirement age, or having to consider selling due to ill health, alongside the principals who want to realise their assets as they want to move onto other new exciting areas of their lives.

I recently met with a principal who has a three-surgery private practice and his plan was to sell the practice so he can focus on clinical work. He has been a practice owner for many years and certainly felt the pinch during and after the recession. He told me that the past two years had been his most successful, he was planning to add a fourth surgery to his practice, was taking on a new associate and bringing in a specialist one day a week to absorb the referrals he had previously made. His turnover has steadily increased and he was seeing a real increase in his profitability.

Taking control

I asked him what he believed was the secret to his success and he said it was simple: he had finally stopped procrastinating and had taken full responsibility for his practice. Like most principals he is the significant fee earner and spent most of his time chair side; he had a good loyal team around him, all experienced in dentistry but no one had expertise in business management.

He had previously used a dental consultant but felt he spent a considerable amount of money but never got around to implementing the suggested changes. This time he attended a couple of seminars on business management, which highlighted areas he should really focus on, and the biggest revelation to him was he had to take time out to run his business or

employ a true practice manager who could do this for him.

He took the plunge and reduced his time chair side (a big leap). At the same time, he increased his fees to a point that some of his patients agreed they would be happy to be referred to the senior associate within the practice. Interestingly, his turnover remained consistent as the core patients he continued to see were happy to pay a premium, and as he was seeing fewer patients he was able to spend better quality time with them and offer a wider range of cosmetic services.

Reaping the benefits

Most importantly he was able to dedicate more of his time actually working on his practice; he has met with suppliers to

agree more favourable terms; he reviewed his bank facility; changed his credit card company; and dealt with a host of small issues that had been wearing him down for so long. He has even reviewed his own mortgage!

The benefits were more than financial; the morale of his team improved as he was more available and actively making decisions and moving issues forward, and he was happier in himself, which his patients, staff and most importantly his family really appreciated.

For most principals, getting the time to focus on the business and not just on dentistry is a challenge and change is most effective when it is in small steps – so maybe you need to start thinking about how you can change and how you can find out what it is that you don't know. Here at Frank Taylor & Associates we don't claim to have all of the answers, and if we can't help we will always put you in contact with the right people who can. Remember, 'Change is to focus all of your energy, not on fighting the old but building the new' – Socrates. **D**

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PRACTICE ONE – SOUTH COAST ENGLAND

Practice location – this practice is situated within a two-storey shop-fronted property, located on a high street with a mix of residential and commercial properties.

Practice type – this is a three-surgery mixed practice based in a previously residential property. It is very well established and is being sold due to facilitate retirement. The practice is being sold as leasehold with a 15-year lease, rent reviews every three years, and an annual rent of £9,000.

Practice gross – the gross fee income for this practice is in the region of £300,000, of which 60% is derived from NHS-GDS contract where the UDA rate is £25.16. There is a Denplan scheme, which provides 30% of the turnover and 10% of the turnover is from private income. The income has been generated by the principal working five days a week, an associate also working five days a week and a self-employed hygienist working two days a week. This team is supported by three part-time nurses and two part-time receptionists.

Price achieved – a price of £450,000 was achieved, which was slightly below the asking price. Funding for this practice was secured by FTA Finance.

Agent's comments – this practice owner is ready to relieve himself from the responsibility of practice ownership, and like many others wants to focus on clinical work, preferably working on the private element of the practice. This can be very encouraging for some new buyers who want the security of the established relationship of the existing principal with the private clients.

PRACTICE THREE – SUSSEX

Practice location – this practice is based in the ground floor of a three-storey detached property. There is parking for two cars and free on-street parking. The practice is five minutes from the railway station, which has fast links into London and is used by many commuters.

Practice type – this is a three-surgery fully private practice, which has been established for 30 years. The existing principal is selling to facilitate retirement plans. The practice is being sold as leasehold with a 15-year lease, and is a share sale.

Practice gross – the gross fee income for this practice is in the region of £400,000 and has been generated from the principal working three days a week, an associate working 20 hours a week, and a self-employed hygienist working three days a week. The team are supported by two part-time nurses, and a full- and part-time receptionist, respectively.

Price achieved – a price of £495,000 was achieved, which was in excess of the asking price.

Agent's comments – this practice is situated in a very affluent area of Sussex. Over the past five years there has been no active marketing and the existing directors recognise there is a great opportunity for an incoming principal to increase the variety of dental services.

PRACTICE TWO – M25 CORRIDOR

Practice location – this practice is located in a single-storey property, close to a town centre and is situated alongside a number of shops.

Practice type – this is a two-surgery predominantly NHS practice, with definite opportunities for growth. The principal is looking to sell to focus on other family business interests. The practice is being sold as leasehold with 11 years remaining on a 20-year lease.

Practice gross – the gross fee income for this practice is in the region of £350,000 per annum, of which 72% is derived from a NHS-GDS contract with a UDA rate of £25.26, and 28% of the income is derived from private fee per item. The income has been generated from the principal working four days a week, an associate working three days a week, and a hygienist working two days a week. The team is supported by two part-time nurses and a full-time receptionist.

Price achieved – a price of £950,831 was achieved, which was in excess of the asking price and the funding for this practice was obtained by FTA Finance.

Agent's comments – this practice is ripe for development as there has been no active marketing for a number of years. There has been a regular outsourcing of specialists' work, which could easily be accommodated within the practice, particularly as one surgery is only used four days a week.

PRACTICE FOUR – NORFOLK/SUFFOLK

Practice location – this practice is located in a two-storey property on a busy high street with a new housing development under construction nearby for 800 houses.

Practice type – this is a two-surgery fully private practice, which has been established for over 30 years. The existing principal is selling to enable him to spend more time with his family and is prepared only to stay on for no more than six months. The practice is being sold freehold.

Practice gross – the gross fee income for this practice is in the region of £450,000 per annum, of which 40% is derived from Denplan, and the balance from private fees. The income has been generated from the principal working four days a week, an associate working one day a week, and a hygienist working two days a week. They are supported by a full-time practice manager, two part-time nurses and a part-time nurse/receptionist.

Price achieved – a price of £725,000 was achieved, which was in excess of the asking price and the funding for this practice was sourced by FTA Finance.

Agent's comments – the opportunity to develop this practice is great as there is a new housing estate under construction. The practice has been incredibly well run and there are significant opportunities to add services and to increase the number of surgeries in the building. The incoming principal is not fazed by the existing principal only wanting to stay on for a limited period of time as he himself is already established in the area.

