

Always be prepared

If you're thinking of selling your practice it pays to be prepared, says **Frank Taylor & Associates**

A summer holiday often provides a principal with time to reflect on their own lives, and in particular their work/life balance, which can result in a return from a holiday and an intention to rid themselves of the headaches being a business owner can bring.

If you find yourself considering your future, then do remember planning is essential for those serious about selling their dental practice. I use the word 'serious' deliberately as if you just embark on selling without it being planned, don't be surprised if the result is less than startling.

Get planning

Those most likely to be successful in this pursuit will be those best prepared – success can be measured by the value achieved, speed of transaction, reduced stress through the process, and a whole host of other benefits. Preparation starts with establishing what you want to achieve

from selling your practice and then putting in place the necessary stepping stones to ensure this dream becomes a reality.

Finding out early on what your practice is worth, for most, is the critical first step. It is likely that this will drive your timetable and future plans. It is also important to ensure that you get your practice valued by someone who is independent – you wouldn't want it valued by someone who may be interested in buying your practice or has another agenda being served. Simple and essential planning.

As a result of getting your practice valued, you could take a number of different paths:

sell immediately (many do as goodwill values are so high at present), defer selling as the value didn't match the value expectation (if this is the case, talk to a reputable agent who can provide you with guidance on how best to achieve your expectation), or develop your practice further.

Make sure you plan when you want to sell your practice with sufficient time for you to implement some changes, to allow time for them to bed in and positively impact on the goodwill value.

Don't forget the admin

There is also some admin that will require some attention and planning. Selling your business requires you to provide a bundle of information to your solicitor as part of the due diligence process. This will

include staff contracts, associate contracts, details of any equipment leases, property lease or freehold title deeds etc.

The list goes on, and much of this is already required by the CQC so should be readily available, but to start assembling it early on in the process is definitely time well spent. Likewise, you should seek tax advice as there are a number of tax savings you can benefit from as a result of a sale, and this could also influence at what time of year you want your sale to complete.

With good planning comes control; the more in control you feel, the better decisions you are likely to make. Given that selling your dental practice will be one of the biggest decisions in your life it makes sense to give it the time and attention it deserves. **D**

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PRACTICE ONE – GREATER LONDON

Practice location – this practice is situated within a purpose-built two-storey building, close to the town.

Practice type – this is a five-surgery, fully private practice being sold to allow the principal to focus on other business interests. The practice was established 50 years ago and is being sold as leasehold with a 20-year lease, with rent reviews every three years.

Practice gross – the gross fee income for this practice is in the region of £1,300,000, of which 28% is derived from private income and 72% from Denplan scheme. The income has been generated by the principal working four days a week, three associates working a combined 12 days a week, and three employed part-time hygienists. This team is supported by a full-time practice manager, a part-time financial manager, two receptionists, and four full-time and four part-time nurses.

Price achieved – a price of £1,500,000 was achieved, which was above the asking price.

Agent's comments – this practice has a very well established patient base and with the majority of patients on a capitation scheme. The new owner can see the reliability of this income and as the surgeries are not fully utilised, can see an opportunity to develop the practice even further.

PRACTICE THREE – SOUTH WEST ENGLAND

Practice location – this practice occupies the ground floor of a shop-fronted property, situated in a prominent location within a residential area. There is parking available nearby and good transport links.

Practice type – this is a three-surgery mixed practice, which has been established for 20-plus years. The existing principal is selling to facilitate retirement plans. The practice is being sold as leasehold with a 15-year lease being created. This is a share sale and the NHS contract is held in the company name.

Practice gross – the gross fee income for this practice is in the region of £850,000, of which 85% from a NHS-GDS contract and 15% from private income. The income has been generated from one director working 2.5 days a week, two full-time associates, and two part-time hygienists working a combined three days a week. They are supported by a full-time practice manager, one full-time and one part-time receptionist, and two full-time and one part-time nurse.

Price achieved – a price of £1,852,000 was achieved, which was in excess of the asking price. The funding for this purchase was sourced by FTA Finance.

Agent's comments – the director is happy to work on at the practice for a six-month period, which suits the incoming buyer who has plans to work at the practice full time. The net adjusted profit on this practice is calculated at 49%, and along with the consistency of the turnover over the past few years has afforded the new owner the comfort to pay in excess of the asking price.

PRACTICE TWO – MENDIPS

Practice location – this practice is located within a detached two-storey building on the high street of a busy town with a large free car park nearby and is in close proximity to the town centre.

Practice type – this is a two-surgery mixed practice, which has been trading for 25 years. It is being sold as freehold to facilitate the retirement of the current principal.

Practice gross – the gross fee income for this practice is in the region of £400,000 per annum, of which 90% is derived from a NHS-GDS contract and 10% of the income derived from private fee per item. The income has been generated from the principal working five days a week alongside a full-time associate, and a hygienist working two days a week. The team is supported by a full-time practice manager and one full-time nurse.

Price achieved – a price of £1,500,000 was achieved, which was in excess of the asking price.

Agent's comments – this practice proved to be incredibly popular when it was put to the market and ended in the sealed bid process, with a final offer being accepted that had a premium of £200,000. When we do go to sealed bids we ask the interested parties to evidence they have the funds to cover the premium, as we would not expect a lender to cover this element of the purchase.

PRACTICE FOUR – M25 CORRIDOR

Practice location – this practice occupies a three-storey terraced property within a busy mix of commercial and residential properties on a busy high street. It is being sold as freehold.

Practice type – this is a three-surgery mixed practice, and the existing principal is selling to enable him to facilitate retirement. This is a limited company sale and the PDS contract is in the name of current principal.

Practice gross – the gross fee income for this practice is in the region of £450,000; 14% is derived from NHS-PDS contract and 86% private, of which 30% is from a capitation scheme. The income has been generated from the director working three days a week, two part-time associates working a combined four days a week, and two part-time hygienists, who are supported by a full-time practice manager, and one full-time and one part-time nurse.

Price achieved – a price of £975,000 was achieved, which included the freehold. The funding for this practice was sourced by FTA Finance.

Agent's comments – the current principal was selling the practice to facilitate his retirement after setting the practice up as a squat over 30 years ago. His most important criteria was finding the person he felt the most able to take on his team and his patients. The new owner has plans to develop the practice as there is potential to add in another surgery and currently the practice is not running at full capacity.

