

# The original and authentic Practice value index

## Leadership drives forward

### Frank Taylor & Associates points out the difference between good management and good leadership

Being a leader does not come easy for many of us. There are the exceptional few who are revered and were born with a strong leadership gene; for others it is a skill that can be developed.

It was the US Army general, Colin Powell, who said: 'You have achieved excellence as a leader when people will follow you anywhere; if only out of curiosity'.

### Four characteristics of leadership

As a principal it is vital that you develop and display strong leadership skills. Without leadership you cannot drive your business forward and this is critical if you are to have ongoing success. Leadership has four key characteristics, which can be found in the likes of the late Steve Jobs, Sheryl Sandberg and other exceptional leaders. These are:

**Inspiration** – you need to have a vision to share and be the champion of your future. If you aren't enthusiastic and passionate about your business, how can you expect to inspire others?

**Focus** – set goals, then go and achieve them. Don't prevaricate. The pace of your business will be set by you and how you behave.

**Authenticity** – you will have your own values and these need to be lived, daily, in your life and business. Don't play egotistical games and keep yourself grounded – people in the practice know who the boss is, you don't need to tell them.

**Self-belief** – there will be some great days, but there will be awful ones too. As a strong leader you need staying power and belief that you will achieve your goals. As Henry Ford said, 'Whether you think you can, or think you can't. You're right.'

### Find what works for you

Leadership is much to do with finding the most appropriate style that suits. For some, adopting a command and control approach works; for others a more transformational style fits, the latter being very much about developing and empowering those around you leading to high levels of trust. You should also be alive to the fact that leaderships can change depending on a situation. It may be right to take a laissez-faire approach and proactively not make a decision.

Leadership and management often get confused and whilst there is a clear inter-relationship between them, understanding how they differ is vital. **D**



### Practice one – Kent

**Practice location** – The practice is situated in a detached property in the centre of a village and is being sold with a residential flat (tenant free), which has a separate entrance and is situated at the rear of the practice.

**Practice type** – This is a fully private two-surgery practice, which has been established for over 50 years. The sale is to facilitate the retirement of the principal. This is a freehold sale and an opportunity of rental income from the residential flat.

**Practice financials** – The gross fee income from the management information for the past 12 months is in the region of £300,000 and is derived from 83% private, 15% Denplan and 2% from sundries. The gross has been generated from the principal working 4.5 days a week, a hygienist one day a week and an associate as required. The professionals complementary to the clinical team comprise of a full-time dental nurse, and two part-time receptionists.

**Price achieved** – A price of £545,000 was achieved, which was slightly less than the asking price, the difference being attributed to the value of the freehold, as the lender bank was cautious in its freehold value.

**Agent's comments** – This practice is so well established in the community and with excellent road and rail links the area is developing rapidly, with increased housing and schools being established. We are seeing a much higher demand for private practices, as would-be practice owners want to expand their clinical skill and develop the marketing opportunities a private practice offers.



### Practice two – Essex

**Practice location** – This practice is situated in the heart of a very busy town, just a few minutes' walk from the centre. There is limited parking on site with a municipal car park within five minutes of the practice.

**Practice type** – This is a three-surgery mixed practice, which has been established for eight years. The sale is to facilitate the semi retirement of the principal and is a leasehold sale.

**Practice financials** – The gross fee income from the accounts for the past 12 months is in the region of £450,000 and is derived from 72% NHS-GDS contract and 28% private fees. The income has been generated by the principal working 1.5 days a week at the practice and three associates working a combined total of 9.5 days. There is a hygienist working 2.5 days a week and there are two full-time dental nurses/receptionists and three part-time dental nurses/receptionists.

**Price achieved** – A price of £861,000 was achieved, which was considerably in excess of the asking price. 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 52%, with an opportunity for the incoming principal to undertake more of the clinical work and reducing the need for as many associate-led sessions, therefore reducing costs and increasing the net profit.



### Practice three – Cambridgeshire

**Practice location** – This practice is housed in an ideal location with a large supermarket in close proximity, surrounded by residential properties and free parking for up to two hours.

**Practice type** – This is a two-surgery fully private practice, which has been established for over 30 years. The principal is planning an exit strategy, which has prompted the sale; it is being sold as freehold.

**Practice financials** – The gross fee income from the management information for the past 12 months is in the region of £250,000 and has been generated from the principal working 3.5 days a week and a part-time hygienist working up to 1.5 days a week. In addition, there is one full-time dental nurse and a full-time receptionist.

**Price achieved** – A price of £385,000 was achieved, which was the asking price.

**Agent's comments** – This practice has ample space and it would be very easy to create two additional surgeries. The population within the area has increased year on year and there is the opportunity to extend the opening hours.



### Practice four – Worcestershire

**Practice location** – This practice is located in a two-storey detached property situated in a desirable residential area and very close to local high street shops and the railway station.

**Practice type** – This is a mainly associate run three-surgery mixed practice, which has been established for over 20 years and is being sold to enable the principal to focus on other business interests. It is a leasehold practice with six-year remaining on the lease. The business is incorporated and is a share sale.

**Practice financials** – The gross fee income from the management information for the past 12 months is in the region of £820,000 and has been generated from the principal working one day a month, a full-time associate and an associate working four days a week. In addition there are two full-time and one part-time dental nurses, a full time practice manager, three part-time administrators and a cleaner.

**Price achieved** – A price of £1,075,000 was achieved, which was just below the asking price.

**Agent's comments** – With only six years left on the lease a number of would be purchasers would not commit as they were unable to manage loan repayments over such a short time period. This highlights how important it is for principals to ensure whenever possible a long lease term, as the more prospective purchasers there are the more opportunity there is for the principal to achieve a high price for the practice.

**FOR MORE INFORMATION** on leadership, management and other core business skills, Frank Taylor & Associates regularly runs a one-day business skills seminar, Building Business Competence. For details of the next event in your area, call 0330 088 1156.