

Gathering the tools for a practice sale

Struggling to sell your practice? **Sarah Bradbury** runs through the process, including the story of one seller who didn't let setbacks stop his determination



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Choosing to sell your practice could be one of the hardest decisions you will ever make. After years of blood, sweat and tears, not to mention an awful lot of hard work, such a decision should only be made after long and careful thought. That and a great deal of thorough planning.

Some practice owners look first to sell their practice to their associate, and while this is great if it works, it might not prove to be the easy solution it first appears.

Other businesses go on the open market or sell to a 'corporate' where the seller can continue to work at the practice with the hours they have negotiated, giving up the paperwork and other responsibilities that come with running a practice, while benefiting from the possibility of gradually easing themselves away from providing clinical care.

If the relationship with the corporate remains positive, this set-up can work for many years, offering you any necessary time to identify when it is the right time for you to leave practising life completely.

The process of selling

As with any such major decision, it is prudent to involve the right professionals, such as your financial adviser, solicitor and accountant, as early as possible. Their advice and expertise could be crucial in dealing with the legal, financial and tax implications of the sale.

The National Association of Specialist Dental Accountants and Lawyers suggests you may want to choose a specialist dental practice sales agent also. But before you appoint one, you could start by collecting together the information any would-be purchaser is likely to request as part of their pre-purchase due diligence exercise.

In most cases you will need to put together a huge file of information about the practice, the number of staff and its equipment, and any insurance or other certificates (for instance, practice leases, staffing expenses, PAYE records, rateable value, energy performance certificates, asbestos audits, X-ray test certificates, building regulations and more besides).

There is also your NHS contract to consider and contacting your local area team, fulfilling your Care Quality Commission (CQC) requirements, as well as valuing the goodwill of the business as a result of your reputation and patient base all need to be considered sooner rather than later. An area of potential concern could also be the impact on your team and the implications of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), and the contractual conditions they have in place.

The point to note is there is a lot to consider on top of carrying out the day job, and you will need to be

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prepared and aware of it in advance so you can cope with the additional stress and complexity of the process once it begins.

Lis Hughes – managing director at Frank Taylor, which acts for dentists in buying and selling practices – said: 'For a principal selling a practice there are a number of difficult points, many of which are not obvious and therefore, not considered until the principal finds themselves exhausted or stressed. So, it's important to spend some time getting organised to reduce the number of surprises.

Lots has changed in the 25 odd years since the early days of a handshake for a contract with the increased bureaucracy and regulation, CQC compliance, HR policies and pensions, litigation, and the increase in patient expectations

'Principals need to retain confidentiality until they reach exchange or completion. Until then – if it is a share sale (limited company) – the transaction is not legally binding, therefore the buyer could pull out at any stage.

'This can be particularly challenging when the seller has to pull together all of the information required by the buyers solicitor, this due diligence process often involves collating the information in the evenings after a long day at work or at weekends, and can be incredibly stressful – particularly if the principal has relied on key team members to deal with this side of the business.

'Confidentially actually means not telling the team – who may have worked with the principal for a number of years – this can be one of the hardest elements, as the majority of principals have a close working relationship with their team and can often feel they are letting the team down by not being honest.

'However, if the team decide they don't want change, the principal could lose key members, which will affect the efficiency and profitability of the practice. Likewise, patients (if they are made aware) may see it as an opportunity to move practices and that will have a negative impact on any sale.'

John's story

'I qualified in 1989 and bought my practice with my partner in 1992; we didn't waste time in those days. Running a 100% NHS practice on the Wirral for many years is a very busy and fairly stressful job but nothing prepared me for what I've been through the last couple of years while trying to sell the practice.

'Lots has changed in the 25 odd years since the early days of a handshake for a contract with the increased bureaucracy and regulation, CQC compliance, HR policies and pensions, litigation, and the increase in patient expectations. This can

add pressure onto an already busy job even before thinking about selling.

'In January 2017, my partner and I decided to sell, and both stay and work as associates. We initially went through the process of selling to a small corporate, planning to lease the building to them and selling the goodwill and practice. It was the most challenging time; a consuming and stressful process – much more than I could have ever imagined, especially when you and your partner aren't quite on the same page.

'There were regular emails at 6am to lawyers before opening the surgery, complicated and lengthy due diligence forms, and constant questions toing and froing. And to find it fall through and know you have to go through the whole process again – that's too much.

'Six months into the process I went to see my GP about a separate issue. While I was there, he asked me to fill in a diagnostic questionnaire and told me I had moderate to severe stress and depression. This turned out to be news to me, but certainly explained the physical and mental symptoms I was feeling – but ignoring. It was apparently not news to a few of my friends and family.

'The doctor was brilliant and suggested I took some time off, and offered me counselling and medication. I took both as it felt like things were getting out of control. I think it's so important for us all to recognise when things are slipping away from us. Everyone has a breaking point, as our minds and bodies can only take so much. At some point something has to give. This is when mine did.

'During that time off, I was supported by Dentists' Provident and realised I really needed to get back on track. I did lots of outdoors activities and kept myself busy. It was such a relief and I felt better equipped to deal with the next stage of the challenging process.

'That was the second sale to one of our associates that was another six months going through the process, to find it collapse again, so it was now the third time. We got quite far down the path as well and they pulled out as the associate who planned to buy left the practice. It seemed like one thing after another at this stage.

'My advice to anyone going through this process is to take a step back. Ask friends you trust and try to keep a check on your mental as well as physical health. I've found outdoor activities and mindfulness have supported me. I've come off the antidepressants and I'm enjoying the highs of life much more, and getting better at recognising the symptoms of when things are getting on top of me.

'As I write this, we are at the start of our fourth sale. We have a full complement of dentists, even to replace me as I've decided to take some time out and not stay on an as associate. Watch this space.'

It can be a difficult decision to make and it may never feel like the right time. But by getting the most relevant experienced professionals on board and your friends and family behind you, as well as actively looking after yourself throughout the process, you may find it minimises the stress involved in moving to the next stage of your life. **D**

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