

Perfect purchasers

Thinking of selling your practice? **Lis Hughes** asks, what does the perfect buyer look like?

Lis Hughes

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At Frank Taylor & Associates, we have decades of experience in helping find the right buyer for our clients, the sellers – and with a keen understanding of the dental practice market we work hard to make sure we only introduce excellent candidates to them. So, what makes the perfect buyer?

Buyer profile

Everyone who registers with us must provide sufficient information for us to build a profile. We are not being nosy, but it is important for us to establish the wants and needs of the buyer, as well as their ability to fund a practice purchase.

As part of the process, a financial vetting process is undertaken. This establishes what the funding capacity will be for the buyer, so he or she knows

how much they can spend, which will, of course, influence what type and size of practice we introduce them to.

There are many factors to be considered when purchasing a practice, such as location, size, turnover, profit, type of practice, and leasehold or freehold. And, before a buyer is put in front of any of our sellers, we know exactly what any buyer is looking for. That way, we don't waste the time of either the seller or the would-be buyer.

We maintain the confidentiality of the practice until a request for a viewing is made, and the seller is always in control, as we don't release any confidential information without his or her agreement.

All shapes and sizes

Obviously, every seller has their own unique requirements of a successor and, luckily for the majority of occasions, we can present several likely candidates. This enables the seller to decide on a number of factors – and frequently this is not necessarily the buyer with the biggest offer.

Buyers come in all sorts of shapes and sizes, from first-time buyer and seasoned buyers, to the corporates entities, and all are pretty perfect in their own way. Corporates are very active; most of them have a war chest and a strong desire to acquire. Many corporates avoid using agents and prefer a direct approach, so,

for some sellers, the perfect buyer is the one that knocks on the door with a fistful of dollars. However, as we always say, be very flattered that someone wants to buy your practice, but make sure the offer has more substance than flattery and get a second opinion.

Individuals continue to be the largest group of buyers, and we currently have 5,046 dentists registered an interest in buying a practice. If, as a seller, you want to remain at your practice post-completion, then your perfect buyer is going to have different qualities than if you want to leave once the papers have been signed.

Before you start your journey you need to spend time considering what or who your perfect buyer would be – this is something we can help you with, too. **D**

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PRACTICE ONE – GREATER LONDON

Practice type – this is a five-surgery practice, with currently only three surgeries in use. The practice occupied a two-storey property that is situated on a busy main road, with a mix of residential homes and local shops. The sale is to release the owner from the business due to health reasons. The current owner is happy to create a lease or sell the freehold.

Practice gross – the gross income is in the region of £600,000 per annum, and is a 50/50 split between NHS and private. The income is generated by the principal working one day a week, three part-time associates working a combined five days a week, and a hygienist working one day a week and every other Saturday. The team is supported by one full-time and one part-time receptionist, and three part-time nurses.

Price achieved – a price of £1,120,000 was achieved, which was in line with the asking price.

Agent's comments – this practice was incredibly popular; not only is it in a great location, but the practice itself is underused and has a great opportunity for growth. The surrounding area is in the process of regeneration, which includes a massive infrastructure of housing and schools. The buyers wanted to lease rather than purchase the freehold, and this was easily arranged.

PRACTICE THREE – GREATER LONDON

Practice type – this is a two-surgery, fully private practice, which occupies the first floor of a two-storey property situated in a very affluent area, on a busy main road with a mix of residential homes and local shops. The sale is to facilitate the retirement of the current principal, who would like to stay on and work on a part-time basis post-completion.

Practice gross – the gross income is in the region of £250,000 per annum and has been generated by the principal working three days a week, and a hygienist working two days a week. They are supported by one full-time nurse/receptionist.

Price achieved – a price of £475,000 was achieved, which was in line of the asking price.

Agent's comments – this practice has been owned by the principal for many years and he is the first to admit he has reduced his working hours and not taken on any new patients for a considerable time. The benefit for the incoming purchaser is there is such an opportunity for growth.

PRACTICE TWO – WEST COUNTRY

Practice type – this is a three-surgery predominantly private practice, which occupies a two-storey property situated on a busy main road with a mix of residential homes and local shops. The sale is to facilitate the retirement of the current principal, who has worked then owned the practice for over 30 years. It is being sold as a freehold.

Practice gross – the gross income is in the region of £400,000 per annum and is a 50% fee per item, 46% capitation scheme and 4% NHS-GDS. The income is generated by 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 one full-time and two part-time nurses, and a part-time receptionist.

Price achieved – a price of £700,000 was achieved, which was in excess of the asking price.

Agent's comments – sometimes we put a practice to the market with the expectation it might take longer than normal to find a buyer, and this was such a practice. However, within four days of being launched, an offer was made and accepted and the sale progressed through the legal process in record time, and completed within six months. The lawyers on both sides were incredibly proactive and in regular contact with each other. Maybe this was the magic dust we are all looking for.

PRACTICE FOUR – MIDLANDS

Practice type – this is a one-surgery fully private practice, which occupies a well-planned out, one-storey property in a very affluent area. The practice is incredibly well presented, and the sale is to facilitate the retirement of the current principal, who is happy to stay on for a limited time post-completion to ensure a smooth transition.

Practice gross – the gross income is in the region of £200,000 per annum and has been generated by the principal working four days a week, supported by one full-time nurse/receptionist.

Price achieved – a price of £400,000 was achieved – slightly less than the asking price.

Agent's comments – a one-surgery practice with no room to develop a second surgery could always be a tricky sell, as most of our buyers are looking for the potential for growth. In this case, the buyer is happy with a one-surgery practice where he can see the opportunity to grow the turnover simply by working five days a week, rather than the current four.

