

THE THINKING BEHIND THE DESIRE TO SELL

Written by **Andy Acton**



Andy Acton from Frank Taylor & Associates, looks at the main reasons for wanting to sell

One of the many changes enforced by the recent lockdown has been a reduction in the pace of life, and most likely the creation of some 'headspace' for reflection and future planning.

Many of us will have bemoaned the hectic nature of juggling domestic and professional commitments, and taken the unexpected opportunity to think longer term about our personal and career aspirations. I have witnessed this with our clients at Frank Taylor & Associates.

It's always interesting to see why people may want to sell their practice and to understand their motivations. Selling can be a long process, so it's important to keep the end goal in mind. Everyone is different, and so their reasons for selling will be different too. It may be to retire, to relocate, or to simply pursue other interests. Although it can seem a long journey, it needn't be at all daunting; reminding yourself of your motivations, and being methodical and organised throughout the process will make things a lot easier.

It may surprise you to know that many people start their thought process up to two years before finally completing the sale. The lesson

here is it's never too early, or too late, to plan ahead. Things may change but it's important you can keep control of your own destiny.

One of the first considerations is who will buy your practice. It may be an existing partner, in fact you may be contractually obliged to give them 'first refusal' or perhaps an associate in the current practice. Alternatively, it could be an independent dentist or perhaps a corporate, holding anything from, say four or five practices, to in excess of thirty. It's often the case that sales to corporates are structured so that around 70% of the sale price is paid to the vendor on completion, the balance held, subject to performance criteria, for a period of two to five years post sale. On the other hand, sales to independent dentists, existing partners or associates will likely realise 100% of the consideration on completion. It's important to keep this in mind, as the timing of future cash flows may be important for your next move.

There's absolutely no substitute for being prepared and organised with the documentation. A lot of the documentation will be covered in CQC requirements anyway, and additional documents likely to be needed such as deeds, contracts etc. probably just need a little time to be sourced.

Consider too whether you want to use a sales agent. The best ones will more than cover their fees by keeping momentum in the process and helping in negotiations, valuations and finding buyers. When it comes to a valuation, remember your practice is unique, and the valuation will reflect that. There are a multitude of factors to take into account to reach a valuation number, for example location, the number of surgeries, profitability and treatment types are just a few of the variables in the valuation equation.

ENHANCED

CPD

AIMS AND OBJECTIVES

To provide clear logic for those considering buying or selling a practice.

EXPECTED OUTCOMES

The reader will gain an insight into how practice principals think when they are considering selling.

CPD HOURS: 1

TOPIC: Practice Management

GDC DEVELOPMENT OUTCOME: B

When you are looking for a buyer, while it is possible to advertise on websites and forums, you may want the transaction to be kept more confidential.

I'd recommend documenting the negotiations, or at least keeping a record of any emails or messages that are relevant. You're only human, and aside from managing the sale of the practice, will likely have multiple other demands on your time. With the best will in the world you will likely overlook something along the way, so having a record to fall back on will be really helpful in avoiding confusion or misunderstandings. This stage will also involve due diligence by the buyer, and this is where your preparation of the documentation will pay dividends. Finally there is completion. Well done, you have sold your practice. ●

MORE INFORMATION

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Andy Acton is a serial entrepreneur developing the FTA group of companies, a full range of business services for the dental profession. Andy has been involved in the business of dentistry for over 20 years and is the director and co-owner of Frank Taylor & Associates, FTA Finance, FTA Financial & Wealth Management, FTA Law and FTA Recruitment. Andy is a sought after public speaker covering topics including leadership, management, marketing and the value of dental practices.

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