

How did we end up here?

Lis Hughes plots the path of history that's led the profession back to rising demand for practice ownership

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Do you remember pre-COVID life? For many of us, it was stable and consistent. As we head towards the end of 2020 so much is now in flux and new ways of living and working are subject to weekly review.

The demand to buy a dental practice has blown up throughout 2020 but COVID-19 only tells part of the story – the bigger tale is the trigger sparked by massive change. For context, I need to take you back to 2005 to understand exactly how we have ended up where we are.

Winds of change

Back in 2005, NHS dentists were paid on an 'item of service' basis, which crudely meant the more work you did, the more you got paid. This was great news for a committed NHS dentist keen to grow their business, but not so good for the NHS looking to budge its annual dentistry spend.

In 2006, the 'new' NHS contract came in, which capped the amount any practice would be paid by the NHS for delivering dental services.

For practice owners, this had an impact on profit too. For many, associates presented a considerable practice cost – so reducing reliance on them boosted profit, with the principal delivering more clinical work themselves. This

left hundreds (if not thousands) of associates feeling vulnerable about their future. Many saw ownership as the way to secure their future.

This massive change in 2006 created a seismic shift in attitude towards owning a practice. It was a way to provide long-term security.

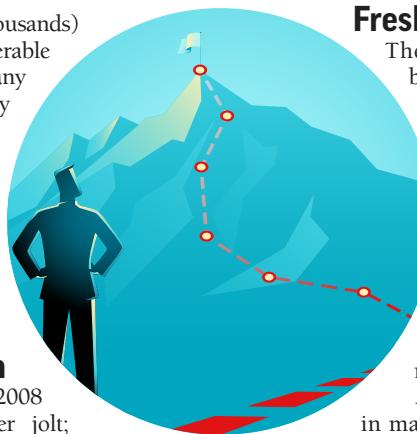
Further disruption

The recession of 2008 brought with it another jolt; this time sparked by the sub-prime mortgage market in the USA.

This recession hit private dentistry hardest, with fees for many practices falling away by up to 30%. The regularity of NHS income was a safe haven and buyers flocked toward these practices as the vulnerability of being an associate was yet again highlighted.

The recession storm had calmed by late 2011 and then a period of calm and balance persisted for many years.

Practice owners had a healthy supply of associates with the Peninsula Dental School graduates joining the pool of qualified dentists. The demand for practices grew at a steady rate for the next few years and values edged up as demand continued to outstrip supply.



Fresh challenges

Then COVID-19 came along, and created the biggest healthcare and civil challenge for a generation.

Remarkably, dental practices were forced to close for months – only being given permission to reopen from 8 June. Most associates were left with little or no government financial support, which was then extended as practices reopened. Due to the new ways of working, practice owners didn't have an immediate need for associates and pay rates were widely renegotiated.

Again, this unprecedented change resulted in many associates craving long-term security that was seen to come from practice ownership.

While being a business owner is not plain sailing, you do have an underlying asset to return to and a degree of control over your future. It is this control and perceived security that has taken us to a point where Frank Taylor & Associates now has more than 5,400 dentists registered with us looking to buy a dental practice. External changes are once again driving the desire to own dental practices. D

FOR MORE INFORMATION about selling your dental practice or to obtain an up-to-date valuation on your practice, call Frank Taylor & Associates on 0330 088 1156.