

2022? Bring it on!

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Whilst the spectre of further lockdowns and rising case numbers mean we can't be complacent, the gradual arrival of a 'new normal', if not a return to the old one, means that many industries are starting to both look forward with more confidence and look back on a turbulent last 18 to 24 months with some perspective. Andy Acton of Frank Taylor & Associates gives his views on how the dental industry managed and how the future looks.

'There's no doubt it's been eventful', reflects Andy. 'At the start of the pandemic confidence was severely hit; many thought the government hadn't provided adequate support for the industry, and to be honest, were hugely frustrated. Even now, we haven't returned to a pre-pandemic modus operandi as there is a need for fallow time between treatments and increased PPE.

'Not surprisingly as the industry has operated below 100% capacity for so long, there is pent-up

demand, particularly for cosmetic treatments.

'More generally the challenges of the last couple of years have shown both how resilient and how entrepreneurial the industry is. Whether it is through managing costs more aggressively or taking innovative approaches in areas like marketing to keep itself current.'

Turning to look at what the future may look like, Andy goes on to say the general impression is one of cautious optimism. 'There are certainly areas of concern, and upcoming challenges, but equally there is plenty to be excited about. The industry has amply demonstrated its resilience and adaptability over recent months, so I do feel there is every reason to be optimistic about the future.

'The Lloyds Bank Healthcare Confidence Index Survey revealed 75% of dentists think NHS services to patients will deteriorate over the next three to five years. This almost certainly reflects the huge cost of the pandemic and the upcoming NHS contract review.

'On this latter point, just over half of those surveyed (51%) expected review to have a detrimental

Lis Hughes explains how your team members are vital to delivering an outstanding patient experience

impact on practice profitability. If we look at patient care, only around one in eight think the reforms will mean improvements in patient care.

'All of this points to a high level of uncertainty in the industry and the need for the Department of Health to listen to dentists' concerns,' continues Andy.

There is, however, plenty to feel optimistic about, says Andy reassuringly.

'The industry is highly resilient and adaptable and what is equally encouraging is the level of planning. Nearly three quarters (72%) of practices have a payment plan in place, or at the very least have taken steps to introduce one, which, of course, will help support cash flow.

'Many have taken the opportunity to think about succession planning and the longer-term too, with 45% targeting a sale to an associate in order to have some continuity of care and a smooth transition of ownership.

'Of course, it's still important that any sale achieves a competitive market price.

'It is also encouraging that sustainability is high on many agendas, 74% of respondents saying it is a significant part of their decision-making process.

'In all, the survey shows that the industry is well positioned for recovery and is addressing the right questions, for both short and long-term growth, and is prioritising appropriately. 2022? Bring it on!' **D**

PRACTICE ONE - GREATER LONDON

This practice occupies a prominent detached property, is very well presented and recently refurbished. It is situated in a prosperous London borough with exceptional transport access.

Practice type - this is a three-surgery, mainly private practice being sold to facilitate the retirement of the existing principal. The freehold is being retained by the current owner and will provide a 15-year lease with a pre-emption right to enable the buyer to purchase the property in the future if so desired.

Practice financials - the gross fee income from management information for the past 12 months is in the region of £950,000 per annum and is 97% private and 3% NHS. This has been generated by the principal working four days a week, five part-time associates working a combined 10 days a week, and two part-time hygienists working a combined two days a week, as well as three receptionists and two full-time nurses.

Price achieved - price of £1,700,000 was achieved, which was in excess of the asking price.

Agents comments - this practice generated a lot of interest, and the seller was able to decide on a buyer from a selection of offers. The seller had little desire to remain at the practice post completion as he wanted to explore other interests outside of the dental sector. This influenced his selling decision as he was not prepared to be tied in for a three-year period, which some of the interested parties insisted upon.

PRACTICE TWO - HOME COUNTIES

This practice occupies the ground floor of a shop-fronted property situated on a prominent main road location in a very affluent area, which has a 'village feel' with many independent shops, cafes, delis, and bars.

Practice type - this is a four-surgery, mixed practice, being sold to release the existing principal from practice ownership. It is being sold as leasehold with a new 25-year lease being created.

Practice financials - the gross fee income from management information for the past 12 months is in the region of £750,000 per annum and is 75% NHS with a GDS contract and UDA value in excess of £30.00 and 25% private. The gross has been generated by the principal working four days a week, and two associates working a combined eight days a week and a hygienist working three days a week. The clinical team are supported by a full-time practice manager, a full-time receptionist and three full-time nurses.

Price achieved - a price of £1,600,000 was achieved, which was in excess of the asking price.

Agents comments - this practice has been established for over 50 years and the seller had made it very clear he had not taken full advantage of the private opportunities. There had been minimal marketing with a limited web presence and despite the encouragement of the associates, little in the way of developing any marketing strategies. The practice is incredibly well regarded by the local community and like many regional practices has seen an uplift in patient activity over the past 18 months.

PRACTICE THREE - AVON AND SOMERSET

This practice occupies a two-storey town house situated in the centre of a busy market town, which is seeing exceptional growth. It is very well presented and has little competition.

Practice type - this is a four-surgery, mixed practice, established over 50 years with an excellent local reputation. The freehold is included in the sale.

Practice financials - the gross fee income is in the region of £550,000 and is generated by 40% NHS-GDS contract and 60% private. The income is generated by the principal working four days a week, two full-time associates and one part-time associate, a hygienist working one day a week. The team are supported by a full-time practice manager, three full-time receptionist and three full-time nurses and one part-time nurse.

Price achieved - a price of £700,000 was achieved, which was in line with the asking price.

Agents comments - this practice came to the market just after the first lockdown and initially the seller was concerned that buyers would be reluctant to purchase during this time. He was pleasantly surprised that several offers were made and despite it taking a long time to reach completion, he is delighted with the outcome. As to the delays, it took him many months to put the due diligence together and without it the transaction really cannot commence, so if you are thinking about selling email us for a copy of our guide to due diligence.

PRACTICE FOUR - GREATER MANCHESTER

This practice occupies a one-storey property, which had previously been a residential property. It is situated just off the high street of a very affluent and busy town, which has benefited in increased footfall since many residents have been working from home.

Practice type - this is a two-surgery, fully private practice being sold to facilitate the retirement of the principal.

Practice financials - the gross fee income from management information for the past 12 months is in the region of £250,000 and is income that has been generated by the principal working five days a week, and a hygienist working two days a week. The team is supported by a full-time receptionist and two part-time nurses.

Price achieved - a price of £420,000 was achieved, which was in line of the asking price.

Agents comments - post COVID, the principal has seen many new patients who are now working from home and looking for local professionals to take care of their dental needs. If anything, the principal has seen more patients and commenced more complex work over the past 12 months and did stop to consider if he actually did want to sell his business. Fortunately for the buyer he continued with the sale!

