

When it's time to phone a friend

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

Lis Hughes

Managing director of
Frank Taylor & Associates



The option to call on expert help has long been a valuable lifeline on one of TV's most famous quiz shows. Contestants, when faced with a tricky decision, can call on the help of a friend, ideally one knowledgeable in the field to which the question relates. The principle of asking an expert for advice is simple and is becoming increasingly important, yet often overlooked in dental practice sales.

Andy Acton, of Frank Taylor & Associates (FTA), discusses some recent trends in the market and the benefits of using a broker to navigate what can seem a daunting process. 'Over the last couple of years, probably since the first lockdown in early 2020, we have seen demand for practices increase hugely. Whereas pre-Covid a seller may have got interest from, say three or four parties, today there will often be 12 to 15 possible buyers, often large

corporates. This can pose a few challenges for the seller.

'Firstly, simply dealing with that number of leads can become a full-time job in itself. For example the volume of calls and emails and requests for information can be quite daunting. Fortunately, a broker is well versed in the process and can help navigate it with you.

'Critically for many, selling their practice is selling their "life's work", so it's only to be expected that you want to get the best possible value for it. I often draw the analogy with selling your house. Around 90% of house sales are via an estate agent, yet in many cases it is fairly easy to establish an approximate value for a house. A simple internet search can show you the value of similar properties either recently sold or currently for sale in the area. Valuing a dental practice is more complex and the information on recent sales

is not so readily available, unless, of course, you contact a broker.

'Of course, it is hugely flattering to be contacted by a potential buyer who makes what appears to be a generous offer. However, at this stage, this is the only offer you have, so you have nothing with which to compare it. It is highly likely the offer will have come from a professional buyer, ie someone whose job it is to "buy low". The best price is not likely to be obtained from the first person that approaches you, just so you can avoid commission, it is a classic example of "penny wise, pound foolish". Brokers will know what other practices are on the market and who other potential buyers are, so will have a better handle on the market price and be much better able to help you achieve it.

'I was made aware of a sale recently where a solicitor recommended to a client to check the value of his practice with FTA. After doing so, the result was another buyer paying £450,000 more for the practice after all commission fees...and the beauty of all of this is you don't lose a lifeline contacting FTA, so you can call these friends as often as you like!' **D**

FOR MORE INFORMATION, call 0330 088 1156.

PRACTICE ONE - AVON AND SOMERSET

This practice occupies a prominent detached property in the heart of one of the largest towns in this region. It encompasses three floors and is being sold as leasehold.

Practice type - this is a seven 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. The practice has been run as a limited company so is being sold as a share sale.

Practice financials - the gross fee income from management information for the past 12 months is in the region of £1,550,000 per annum and is 50% NHS and 50% private. The gross has been generated by both directors working a combined 7 days a week, 6 associates working a combined 27 days a week, 3 part-time therapists, and a hygienist working 4 days a week. The clinical team are supported by a full-time practice manager, and eight full-time nurses/receptionists.

Price achieved - a price of **£1,950,000** was achieved which was in excess of the asking price.

Agents comments - this practice is run very efficiently, and this is evident with a very healthy reconstituted net profit. The incoming principal is delighted both directors are choosing to remain at the practice post completion as it is his first purchase, and he is looking for some guidance on the management of such a business over the next few months. It's a big step to move from associate to owner and he is more than happy to be mentored whilst he establishes himself there.

PRACTICE TWO - DEVON

This practice occupies a prominent position within an affluent market town in Devon. The town benefits from many rural and urban activities and is populated with several independent enterprises alongside well known high street establishments.

Practice type - this is a one surgery, fully private practice being sold to facilitate the retirement of the existing principal. Whilst there is currently only one surgery there is considerable opportunity to expand the practice. It is being sold as freehold.

Practice financials - the gross fee income from management information for the past 12 months is in the region of £190,000 per annum and has been generated by the principal working four days a week and two part time nurses.

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

Agents comments - This practice has been well loved for many years and the existing principal wanted to retire before he lost motivation. There has been little in the way of marketing as his existing patient base has kept him busy. The incoming principal had been working in a nearby town and had waited many years for the opportunity to buy this practice. End result was two very happy dentists!

PRACTICE THREE - SUSSEX

This practice occupies a two-storey detached property in a busy area of Sussex. It is very well presented having been refurbished six years ago.

Practice type - this is a three-surgery private practice, established over 50 years with an excellent local reputation. It is being sold as leasehold with a 20-year lease in place.

Practice financials - the gross fee income is in the region of £500,000 and the income is generated by the principal working four days a week, two part-time associates working a combined five days a week, and a hygienist working two days a week. The team are supported by a part-time practice manager, one full-time receptionist and two full-time nurses.

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

Agents comments - this practice flew off the shelves, with many viewings and a sealed bid process before a price was agreed. There is tremendous population growth in the area, with many new housing estates under construction, a new hospital and several new schools in the pipeline. The exodus from the big cities post Covid appears to have transformed this region.

PRACTICE FOUR - GREATER LONDON

This well-presented practice sits comfortably within a busy high street, less than 10 minutes' walk from a main railway station and easy access to significant road options.

Practice type - This is a two surgery, predominantly NHS practice being sold to release the principal from the challenges of practice ownership. The practice is being sold as leasehold with a new 15-year lease being put in place.

Practice financials - the gross fee income from management information for the past 12 months is in the region of £600,000 with 98% of the income generated from an NHS contract. The income has been generated by the principal working five days a week, and an associate working 1 day a week. The team are supported by a part-time practice manager, a full-time receptionist and two full-time and one part-time nurse.

Price achieved - a price of **£950,000** was achieved, which was in line of the asking price.

Agents comments - we continue to see the major banks committed to lending to the dental sector and their support enables so many dentists to achieve their dream of becoming practice owners. The desire for practice ownership has not diminished over the past 18 months and we continue to register new potential buyers every day.

