

# Procrastination is the thief of time

Andy Acton asks – is buying a dental practice truly the right thing for you?

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Andy Acton of Frank Taylor and Associates recently led the keynote speech at the Start Up in Dentistry event.

He was able to share his insights and experiences of the entire practice buying process with the attendees.

'Well before the ink is dry on any contract, before a client has even started looking at potential practices, and before even rough affordability and/or loan calculations are done, I always advise clients to consider if buying a practice is what they really want,' says Andy.

'Owning a practice is hard work.

'As in any walk of life, there will be days when things go wrong, and you are left thinking to yourself why on earth you wanted to own a practice.

'It's important to have the resilience, commitment and motivation to withstand those days and soldier on.

'On the plus side of course, there are a great many days when it is hugely rewarding, where you can see you are really helping and making a difference both for your patients and your team.'

## Rose-tinted glasses

'It's always important people go into the process with their "eyes open"; Andy emphasises.

'It would be wrong for them to look at ownership through rose-tinted spectacles, and it would be just as wrong for us at FTA to allow a client to see things that way as we wouldn't be serving their best interests.

'For most people it will be the biggest financial decision of their lives and we want to ensure our clients are happy with the way they have approached it and considered all angles.

'That's why it's key to understand the motivations for owning a practice.

'You'd be surprised at some of the reasons: "a status symbol"; "my friends and dental school peers have one"; "I was told to" are some of the answers we've had.

'Fortunately, the vast majority are much clearer in their rationale, with the opportunity to help patients, build and

develop a strong team, to be in control of their own destiny and provide a much-needed level of care and support to those who need it are all at the forefront of many people's thinking.

'Once we're certain that a client is in it for the right reasons, and aware they are investing a lot in the process, not just in terms of time but financially (and most likely emotionally too), we can really start the planning.

'This is crucial as we gather information on geographic areas, practice types, prices and affordability amongst other factors.

'For some clients they are ready to go with a clear and realistic vision. For others we may need to "test the waters"; consider a number of options and gather more information before narrowing the search field down. We may also need to take further steps before they can make their dream purchase.

'The one thing we advise all clients is that once a decision has been made about the strategy, take positive action towards it without delay.

'There is nothing to be gained from procrastinating.' **D**

FOR MORE INFORMATION call 0330 088 1156.

## PRACTICE ONE - MIDLANDS

**Practice location:** this practice is located in a busy part of a major town in the Midlands, close to a mainline station and major roads and main bus routes. It is a mainly residential area with excellent amenities nearby.

**Practice type:** this is a two-surgery, predominantly NHS practice established for over 20 years. It is being sold as freehold, but the owner would consider creating a lease and is being sold to release the principal from the responsibilities of practice ownership.

**Practice financials:** the gross fee income from management information for the past 12 months is in the region of £175,000 per annum and the NHS-GDS contract has a UDA rate of £30. The income has been generated by the principal working two days a week and an associate working two days a week. The team are supported by a full-time receptionist and a full-time nurse.

**Price achieved:** a price of **£550,000** was achieved, which was in excess of the asking price and included the freehold (valued at £160,000).

**Agent's comments:** this practice has been underutilised for some years and under new ownership there is real potential to develop the private element of the practice as it is currently 99% NHS. The incoming principal has wanted a two-surgery practice with room to grow so was delighted when his offer was accepted.

## PRACTICE TWO - GREATER LONDON

**Practice location:** this practice is located in a vibrant and busy district of London, only a few miles from the centre but far enough out to have more of a community feel, which has always attracted people to live there.

**Practice type:** this is a very well-established, two-surgery, predominantly NHS practice, which is being sold to facilitate the retirement of the principal. The practice has been established over 50 years and the current principal has worked at the practice throughout his career.

**Practice financials:** the gross fee income from management information for the past 12 months is in the region of £275,000 per annum and the UDA rate is an impressive £34.55. The gross has been generated by the principal working five days a week and an associate working four days a week. The clinical team are supported by a full-time receptionist and two full-time nurses.

**Price achieved:** a price of **£850,000** was achieved, which was in excess of the asking price.

**Agent's comments:** this practice proved to be incredibly popular – its location, the UDA rate and the real opportunity to develop the private element. The one thing we are constantly witnessing at the moment is the heightened interest in private dentistry and a reluctance to undertake NHS dentistry.

## PRACTICE THREE - HOME COUNTIES

**Practice location:** the practice is situated in a very affluent and desirable town, which is midway through extensive development of residential properties and infrastructure, including schools and health centres.

**Practice type:** this is a three-surgery, predominantly private practice established over 30 years and is being sold to facilitate the retirement of the current principal. It is being sold either as freehold or leasehold. It is a limited company and will be sold as a share sale.

**Practice financials:** the gross fee income is in the region of £730,000. This is made up of 10% NHS (with a UDA rate in excess of £26.00) and 90% private. The income is generated by the principal working five days a week, two associates working a combined four days a week and a hygienist working two days a week. The clinical team are supported by a part-time practice manager, a full-time receptionist and five full-time and part-time nurses.

**Price achieved:** a price of **£1,500,000** as a leasehold sale was achieved, which was in excess of the asking price.

**Agent's comments:** this practice was incredibly popular – small enough to attract individual dentists, but also some of the smaller corporates. The principal is determined to only stay on for a short period post completion so decided to go with an individual rather than a corporate who would want him to stay for at least three years.

## PRACTICE FOUR - AVON AND SOMERSET

**Practice location:** this practice is located in a great location in beautiful countryside, yet is surrounded by a mix of commercial and residential properties.

**Practice type:** this is a two-surgery, mixed practice, which has been established over 50 years and is being sold to facilitate the retirement of the current principal. It is being sold as leasehold with a new 20-year lease being in place.

**Practice financials:** the gross fee income from management information for the past 12 months is in the region of £350,000, of which 15% is generated from a NHS-GDS contract (with a rate of £25.13 per UDA) and 85% of the income generated via private dentistry. The income has been generated by the principal working three days a week, an associate working 2.5 days a week and a hygienist working two days a week. The team are supported by three part-time nurses/receptionists.

**Price achieved:** a price of **£500,000** was achieved, which was in excess of the asking price.

**Agent's comments:** like many practices currently going through the sale process, this practice has benefited from an increase in turnover from private dentistry and the incoming principal is determined to focus on this area with a very clear intention of being able to release himself from the burden of NHS dentistry within 18 months. The drive to move away from NHS dentistry is starting to feel less of a spike and more of a trend so it will be interesting to see how and if this trend develops as we witness more and more economic challenges.

