

Celebrating a century



As a celebration of its 100th article featured in *Dentistry* magazine, **Lis Hughes** reflects on FTA's accomplishments and contributions to the industry over the years

Lis Hughes

Managing director of
Frank Taylor & Associates



This is a bit of a landmark Practice Value Index, being the 100th one run by Frank Taylor & Associates (FTA) in *Dentistry* magazine.

Reflecting on the longevity of the index, Lis Hughes of FTA said: 'We're delighted and proud to achieve the 100 milestone, particularly because the publication and the research the team at FTA does for it every month is invaluable in detecting trends in the industry, quantifying them, and helping our clients get ahead of the latest developments.'

'Of course, the last few years have been particularly challenging in this industry and many others. I expect a similar fast pace of change in the future and look forward to us being able to support the industry with our research for many years to come. Here's to 2023!'

It's certainly true that the amount of data and research behind the publication of the index is

both impressive and comprehensive.

For example, in 2021, a year in which the industry was still in the clutches of the pandemic, the team at FTA sent 1.2 million emails, arranged 1,100 viewings, brought on 300 new buyers and negotiated an astonishing aggregate of over £1 billion worth of offers.

'Despite everything, it was a busy year!', Lis smiled.

'This year is no different. We're seeing a buyer to practice-for-sale ratio of 28:1, and 18 banks prepared to lend to the sector with confidence.'

'We're sure to see some healthy indices as we start our second century.'

'We have around 5,500 buyers registered with us. That's 20% up from pre-pandemic levels and over 50% up since 2011, which really indicates their desire to be in control and secure their future.'

The full picture

'The statistics don't tell the full story about practice sales, though', continues Lis.

'It's often the biggest financial decision people make in their careers, possibly their lives.'

'Nevertheless, it needn't be daunting, and we are equally experienced in guiding people through the process as we are in producing practice valuation indices!'

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'There are several parties involved in the process: solicitors, banks, NHS and CQC, to name four.'

'Naturally, all parties will have other demands on them and act at different speeds.'

'However, we always advise our buyers to be organised and responsive and have their documentation ready to meet any requests that may arise.'

'The key is being prepared and having one's paperwork in order. We are often asked how long a sales process may take, and in reality, it's impossible to tell. The quickest are probably around four months, but I'd say six to nine is the average.'

'That might sound like a long time when you're committed and excited about the next step in your journey, but in the grand scheme of things, it's not so long and allows all the necessary due diligence to take place.' **D**

FOR MORE INFORMATION call 0330 088 1156.

PRACTICE ONE - DERBYSHIRE

Practice location: this practice is located in a busy market town in the county of Derbyshire with excellent road and rail access. The area is a mix of commercial and residential and the practice sees excellent footfall.

Practice type: this is a five-surgery, associate-led mixed practice and is being sold to release the owner from the burden of practice ownership. It's being sold as leasehold with a new 15-year lease in place.

Practice financials: the gross fee income from management information for the past 12 months is in the region of £825,000 per annum and the NHS-GDS contract has a UDA rate of £24.50 per UDA. The income is 70% NHS and 30% private and has been generated by two full-time and four part-time associates. The team is supported by a full-time practice manager, a part-time treatment coordinator, three part-time receptionists and two full-time and five part-time nurses.

Price achieved: a price of **£955,000** was achieved, which was in line with the asking price.

Agent's comments: this practice proved to be very popular, despite a relatively low UDA rate. Having a number of part-time associates in the practice proved reassuring to the incoming principal as, despite the plan for the practice to be owner-led, the desire for continuity for the patients is high. There is less risk of losing one full-time high earning associate than several part-time associates - a sign of the times where the challenge of recruitment continues within the dental sector.

PRACTICE TWO - CHESHIRE

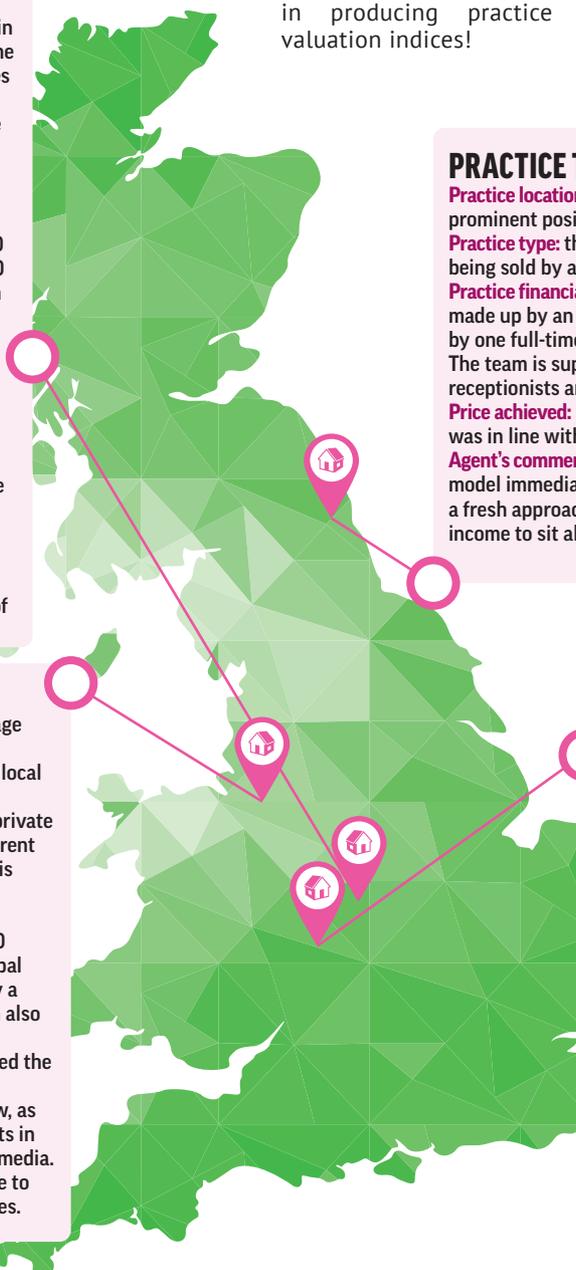
Practice location: this practice is in a desirable and bustling village in an affluent part of Cheshire. The village is well supported by transport links and has excellent schools close by. Many of the local amenities are outstanding.

Practice type: this is a very well established two-surgery, fully private practice that is being sold to facilitate the retirement of the current principal. The practice has been established over 30 years and is being sold as freehold.

Practice financials: the gross fee income from management information for the past 12 months is in the region of £350,000 per annum. The gross income has been generated by the principal working four days a week. The principal has been supported by a part-time receptionist and three part-time nurses, one of which also covers the reception.

Price achieved: a price of **£750,000** was achieved, which included the freehold.

Agent's comments: this practice has such an opportunity to grow, as one surgery is barely utilised. There are reconstituted net profits in excess of 50% and a full diary without any marketing or social media. The incoming principal has many new ideas but is also sensitive to the current client base so will not be making any drastic changes.



PRACTICE THREE - NORTHUMBERLAND

Practice location: the practice occupies a semi-detached property in a prominent position on a residential road in a busy town in Northumberland.

Practice type: this is an associate-run, five-surgery fully NHS practice and is being sold by a corporate as part of a portfolio adjustment.

Practice financials: the gross fee income is in the region of £880,000 and is made up by an NHS-GDS with just under £26 per UDA. This was generated by one full-time and three part-time associates and one part-time therapist. The team is supported by a full-time practice manager, two full-time receptionists and seven full-time nurses.

Price achieved: a price of **£665,000** as a leasehold sale was achieved, which was in line with the asking price.

Agent's comments: moving from an associate-led model to an owner manager model immediately increases the profitability of this practice and, with a fresh approach, the new principal believes the area is right for private income to sit alongside the current NHS element.

PRACTICE FOUR - WEST MIDLANDS

Practice location: this practice occupies a shop-fronted terraced property situated on a busy high road, close to a major town.

Practice type: this is a two-surgery, predominantly NHS practice being sold as freehold. It has been established for over 30 years and is being sold to facilitate the retirement of the current principal.

Practice financials: the gross fee income from management information for the past 12 months is in the region of £170,000, of which 98% is generated from a NHS-GDS contract (with a rate of just under £30.00 per UDA). The income has been generated by the principal and an associate working two days a week. The team is supported by a full-time receptionist and one full-time nurse.

Price achieved: a price of **£550,000** was achieved (which included a freehold value of £200,000) and was in excess of the asking price.

Agent's comments: with less than 50% chair occupancy, there is a wealth of opportunity to develop this practice. The incoming owner has lived and worked in this area for most of his life, so was delighted by the opportunity to buy a practice here.