Cashing in your assets

Andy Acton aims to take the anxiety out of practice sales with some sound advice

Soon or later, most of us will enjoy the privilege of retirement. Whether you cannot wait to put your drill down for the last time, or you feel slightly anxious thought of having nothing to do once you have – all of us hope that when the time comes, it will be smooth sailing. For many dentists, the process may start taking place. This is when the agent’s responsibility to maximise each offer placed before presenting them to the vendor of the levels of interest in the practice. The agent should be able to facilitate negotiations for a smooth transaction and a straightforward handover. The best valuers and sales agents will have good relationships with other specialist providers to dentists, including financial advisors and solicitors. This will enable both vendor and purchaser to have access to a range of experts who understand the specific difficulties associated with dental practice sales.

Maximising offers

It’s the agent’s responsibility to maximise each offer placed before presenting them to the vendor. Right now, the popularity of purchasing a practice is still high given the opportunities the profession currently offers, and with this in mind it is likely that you’ll receive more than one offer. In this situation, the vendor will have to make an informed decision, taking into consideration not only the price offered, but also the time scale the buyers are working to. Vendors should keep in mind that the agent is acting on their behalf, but will also be privy to certain information regarding the purchaser’s circumstances that is unavailable to the vendor, and should therefore proceed with caution.

Once the best bid is accepted, a Heads of Agreement is compiled to satisfy both parties. A reliable agent will be able to facilitate negotiations for a smooth transaction and a straightforward handover. Underbidders’ details should be kept on file as a backup in the event of an unforeseen complication during the sale.

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Finding an agent

At the start of the process, the agent should supply the vendor with a comprehensive information pack detailing the agent’s procedures, fee structure and terms of business. In order to effectively promote the practice to the correct buyers, it will be necessary to collate as much data as possible about the practice. A reputable agent will already have a register of dentists actively seeking to purchase a new practice, and the agent will convey the collected information to the buyer if their requirements match the details of the surgery.

Discretion is a critical factor at this stage. Good agents should engage the interest of potential buyers without compromising the vendor’s trading position pending a sale.

Filter out the time wasters

If the premises to be sold are not freehold, then all new draft business details will have to be agreed with the site owner as well as the practice tenant. It is only now, once everyone is in agreement, that viewings may start taking place. This stage no doubt takes a great deal of time and effort on the part of the vendor, and they may find it useful to pencil in a specific ‘open day’ into their diary so that they can dedicate themselves fully to meeting potential buyers in person. After all, who better to sell the practice than the person who works there themselves? Unfortunately the practitioner may well find that they come across a time waster, and it is down to the agent to root those ‘buyers’ out and replace them with genuine interest and sufficient funds.

And the winner is...

At this highly uncertain stage, it is vital to foster clear communication between vendor and agent. Regular discussions need to be held in order to inform the vendor of the levels of interest prospective buyers have shown, and what they should expect if the sale moves forward. Now is the time when the accuracy of the practice’s original valuation will be revealed, as preliminary offers will start to be made.

This is when the agent’s experience of the prevailing market and previous practice sales really comes into play. They should be able to identify which offers are the most promising and from this present the vendor with a list of buyers, suggesting those that merit serious consideration. If after a number of viewings the interest demonstrated has been disappointingly low, the practice’s valuation will need to be reconsidered.

‘Retirement is one of the many reasons dentists put their practice up for sale.’

Andy Acton

Andy Acton is director of Frank Taylor & Associates, independent valuers and consultants to the dental profession. Andy has helped a number of dental specialist banks develop their services to the dental profession, including NatWest and Bank of Ireland. For more information, call 01445 225454, email team@ft-associates.com or visit www.ft-associates.com.

About the author

Maximising offers

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