Selling the smart way

Selling a practice can be an emotional experience, particularly when it represents a lifetime of professional achievements. Ian Stead of Frank Taylor Associates offers some advice on embarking on the process.

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ou need to be clear in your own mind why you want to sell. Where are you going next? Will you retire completely, continue to practise dentistry, or do want a change of direction in life? Be sure you really want to sell before you embark on the journey of finding a buyer.

If you've ever placed an advertisement in a publication or dealt with a printer, you'll be familiar with the term ‘lead time’. This is the time between accepting your instructions or finalising the copy, and publishing your advertisement or printing your brochure. In the context of selling your practice the lead time between thinking about selling and completion can vary enormously. Some practices receive and accept an offer of the asking price within a week of coming to the market and others, perhaps due to their unique circumstances, can wait several months. After an offer has been accepted completion would normally take a further two to four months depending on the complexity of the transaction and the parties involved.

Getting it valued

Before you find a buyer, you need to decide exactly what you are selling and obtain an objective assessment of what it is worth. You are strongly advised to request an independent valuation of your practice from a well established firm which specialises in dentistry.

Once you've established the price you can market your practice, but discretion is vital. Selling a practice may take time, and while you're finding the right buyer the uncertainty can cause damaging unrest among both staff and patients. A specialist agent will fully appreciate the importance of confidentiality. Tell your accountant of your plans at an early stage, to discover the tax implications of the sale.

You will be required to assemble an information pack to enable prospective purchasers to assess the current viability and future potential of your practice – this will include the practice's accounts and schedules. This is a function of your selling agent and you should be relieved it's out of your hands, as many copies may be required! Ask your agent to be circumspect when giving out your private information, and not to hand it immediately to anyone who asks for it.

Viewing the times

Give some thought to when you will be able to show interested parties around the practice – especially at weekends. Be aware that you will need to make yourself available outside normal practice hours.

Before you decide to handle the sale yourself, be warned that there is more to a DIY sale than is apparent. Suppose your practice was worth £220,000; you would pay a commission of about £4,400. If your hourly rate is £200, you would have less than three days to find a buyer, negotiate the deal, liaise with solicitors and manage the process through to completion before being out-of-pocket. It would also be your responsibility to provide property particulars and the information pack, as well as weeds out 'skeevy viewers' and any other time wasters whose only interest is satisfying their curiosity.

Extra administration

You'll need a solicitor, preferably one with experience of acting for dentists. You may pay a little more for a specialist, but it will avoid unnecessary delays and the potential pitfalls caused by a general solicitor's lack of industry knowledge.

If you are also selling the practice freehold you will need to satisfy the buyer's lender of its value – cash buyers are few and far between. Commercial valuers may be less sensitive to the need for discretion, so be careful which telephone number you use.

Your purchaser will be paying you money for the goodwill you have built up in your practice, but preserving goodwill between the two of you is also valuable. There are likely to be crossroads on the journey to completion, and a common understanding will help you to work together.

Depending on your personal circumstances, you may or may not have told your staff about the impending sale. In the interests of stability within the practice, you may decide not to break the news until contracts have been exchanged, at which time you can introduce the new principal.

Whether or not you use an agent, there are simple steps you can take to improve the saleability of your practice. Five to start with are:

- Make your practice look presentable – would some fresh paint improve the overall appearance? First impressions matter - tidy the garden and the approach to the practice. Once inside, details count – for example, is the waiting room welcoming, or are the magazines old and the furniture in need of a facelift?
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- Keep your financial information up to date – any potential purchaser will want to compare the current trading position with that of previous years and be satisfied you have not let the business run down ahead of your retirement.
- Get an independent valuation – buyers need to be confident the practice has been valued by an independent dentist specialist and is worth the asking price.
- Be available – selling your practice requires a time commitment on your part. You will need to give the guided tour to interested parties at times that suit them, which may be in the evenings or at weekends.
- Make use of specialist advice – take advantage of the support available from agents, solicitors and accountants who are dedicated to dentistry. Exploiting their experience is money well spent, and will help you circumvent the very real hazards which can derail what might appear to be the most straightforward practice transfer.

Selling your practice could be stressful and time consuming, but by learning from others’ experiences, much of the hassle and delay can be at worst reduced, and at best eliminated.