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.

Y 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 on terms that better suit your situation, or do want a change of direction in life? Be sure you really want to sell before you even think about selling your practice the lead time be-
tween 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 comple-
tion would normally take a further three days to find a buyer, negoti-
te the deal, liaise with solici-
tors 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 reeding out ‘serial view-
ers’ and any other time wasters whose only interest is satisfying their curiosity.

Extra administration

You’ll need a solicitor, preferably one with experience of act-
ing for dentists. You may pay a lit-
tle more for a specialist, but it will avoid unnecessary delays and the potential pitfalls caused by a general solicitor’s lack of indus-
try knowledge.

If you are also selling the prac-
tice freehold you will need to sat-
ify the buyer’s lender of its value – cash buyers are few and far be-
tween. 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 saleabil-
ity of your practice. Five to start with are:

- Make your practice look pre-
sentable – would some fresh paint improve the overall ap-
pearance? First impressions matter - tidy the garden and the

approach to the practice. Once inside, details count - for exam-
ple, is the waiting room welcoming, or are the magazines old and the furniture in need of a facelift?

- Keep your financial informa-
tion 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 valua-
tion – buyers need to be confi-
dent the practice has been val-
ued by an independent den-
tistry specialist and is worth the asking price.

Getting it valued

Before you find a buyer, you need to decide exactly what you are selling and obtain an objec-
tive assessment of what it is worth. You are strongly advised to request an independent valua-
tion of your practice from a well established firm which special-
ises in dentistry.

Once you’ve established the price you can market your prac-
tice, 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 im-
portance 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 assem-
ble an information pack to enable prospective purchasers to assess the current viability and future potential of your practice – this will include the practice’s ac-
counts 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 inter-
ested parties around the practice – especially at weekends. Be aware that you will need to make yourself available outside nor-
mal 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 prac-
tice was worth £220,000; you would pay a commission of about £4,400. If your hourly rate is £200, you would be less than three days to find a buyer, negoti-
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