First-time sellers - seeking the right advice

If you’re about to embark on selling your dental practice for the first time, careful consideration should be taken when seeking legal advice. Andy Acton offers some useful advice to those looking to make that first sale.

Selling your practice is certainly not a task you want to put in the hands of someone who has little experience. It’s also something you don’t want to enter into lightly, because it could well represent your life’s work or create a lump sum for retirement or investment in a new project. You deserve the very best advice available from someone with good pedigree and a proven track record.

In the current climate, there is a lot of scurrying about for business and many firms are extending their range of services beyond their core in an attempt to generate new income streams. I am a great advocate of innovation and we should all be looking to evolve and develop – it’s what makes business fun. That said, would you buy a car from a company that specialises in selling trucks? However, from the service recipient’s viewpoint this requires some consideration.

Pay special attention

Selling dental practices is a complex business and while there is a core underlying transaction, even through the thousands that we have had an involvement in, there is always a unique element that requires some special attention. Take your pick – the list goes on:

- How do I protect my UDA value?
- Is it a problem that I don’t have contracts with my associates?
- I am planning to incorporate, how does this affect my sale?
- My property value has dropped and I don’t want to sell it with my practice, what are my options?
- I have someone who is interested but they won’t make a commitment.

As well as an experienced sales agent, the need for a specialist should be considered when seeking legal advice. You could use a local firm who have quoted a relatively low fee, compared to a specialist firm. However, I would want a firm that understands the need for dental-specific covenants and warranties to ensure I was protected and the contract was fit for purpose.

I had a client many years ago that bought a practice and (against my advice) chose to use a local law firm. This firm failed to ensure that all the leases outstanding on the equipment in each surgery were repaid from the sale proceeds at completion. This error resulted in the finance company repossessing the equipment from each surgery because lease payments were not being made (the seller was enjoying retirement in another country!). The practice survived – just – but it had to be fully re-equipped by the new owner and the impact on business was catastrophic. The client saved a couple of thousand pounds on their legal bill and nearly went bust in the process.

Choose wisely

There is no guarantee that working with those of good pedigree and a wealth of experience means that everything will go smoothly. However, carefully selecting firms that know what they are doing, and are backed-up by real and current-market experience should make for a safer transaction.

About the author

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 08456 123454, email team@ft-associates.com or visit www.ft-associates.com.

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