In whose interests?

Andy Acton warns about an offer that’s too good to be true

A ‘direct approach’ is never the way to get best value for your business

A knock on the door could well spark your interest, but from here on in you need to be looking after your own interest and not be guided by someone who may purport to be looking after you, but is actually being paid by another party. In this scenario – who are they actually looking after? In business, the person paying the bill will get looked after first. Anyone who claims to be acting for the seller of a practice yet is being paid by the buyer, has a clear conflict of interest – and in my opinion there is no doubt on this. If you sign an Authority of Sale you have a duty of care to achieve the best deal you can for that client and act with integrity.

You may be aware of the mantra in online marketing that “if you’re not paying for an online service, you’re not the customer; you’re the product.” This has recently been in the news with the way that Facebook and Google use your data. The quote applies equally well to the sale of a dental practice – if you aren’t paying for that service, you are receiving the service and not be guided by someone who may purport to be looking after your own interest and not be paid by an agent of any sort involved they may get between you and slightly embarrassed; and not be guided by someone who may purport to be looking after your own interest but is actually being paid by another party.

The only real loser from selling as a result of a direct approach is the seller. The buyer pays you £35,000 – if there is an agent of any sort involved they may get between £5,000 and £25,000 so the true cost to buyer is £40,000 to £60,000 (which is still below the market value). The buyer and agent are delighted and you are left feeling hard done by and slightly embarrassed; but only if you know about it.

With this you may read like a piece of fiction, in my experience every dentist that sells a practice for less than they could have.

A direct approach can sound very convincing and to seek a second opinion may well cost you nothing – so why wouldn’t you? You have worked hard all your life to build value into your business – you owe it to yourself to sell it for what it is worth.

Raising Finance?

DO engage the services of an independent firm to liaise with the Banks on your behalf – will ensure proposal is packaged for best chance of a positive response and also to negotiate best terms.

DO ensure you provide an accurate summary of your current position including all savings and existing borrowing.

DO ensure your CV is up to date with particular focus on any past Managerial experience.

DO expect the Bank to want you to put down a contribution towards the purchase.

DO undertake your own research of the local area and find out why the current owner is selling.

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Frankly Speaking

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money matters

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About the author

Andy Acton is a director and co-founder of Frank Taylor and Associates – the leading independent valued and sale agents to the dental profession. His sister company, Loan Hunter, provides financial solutions to the dental industry. Andy is a regular contributor to the dental media and has also devised many lectures across the UK.

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