Sale in the sticks...

A relieved and retired orthodontist discusses the issues when selling a practice

I had been an expense sharing partner at an orthodontic practice in rural Wales for well over 20 years. Our practice took referrals from a very wide geographic area and had been established as an orthodontic practice for several years before I had arrived.

One autumn day in 2009, my partner, who was almost a decade older than I was, announced that he ‘couldn’t go on’. (It wasn’t quite that melodramatic, but you get the general idea!) My partner had made his decision and now I needed to make one. After some extensive deliberation and soul-searching, I decided that whilst not on my deathbed, I decided to proceed, with them acting as our agent. We knew from the start that our practice would offer a number of unique challenges:

• We were somewhat ‘in the sticks’ in Wales. This would appeal to some but certainly put a number of potential purchasers off. Perhaps it would suit a returning émigré?

• Welsh language. Although neither my partner nor I spoke Welsh, we were both aware that for the next generation this might be a problem

We decided to sell it as a going concern. It was at this point that we approached Frank Taylor and Associates to carry out a valuation of the practice. I found them to be very on the ball and they offered a detailed explanation of the whole process. My partner and I decided to proceed, with them acting as our agent. We knew that we expected to be. We had resigned ourselves to the process being on the lengthy side. However, we did receive three expressions of interest at this point. One of these was spoken to via phone and email but after good initial signs, decided not to pursue.

The second of the three, visited us and decided against it as although she had a special interest in orthodontics, she wasn’t a specialist and we all felt that this would make things difficult. Then, at the beginning of autumn 2010, the eventual buyers approached us. They were both on specialist registers with the GDC and keen. After the discussions they put in a formal offer to purchase the practice during January 2011.

To-ing and fro-ing

We now approached the LHB as without a new contract from them any future sale would be dead in the water. We arranged a meeting which included my partner and me, the potential purchasers, and representatives from the LHB. At this point we became aware that the Welsh Assembly was carrying out an Orthodontic Services review for all contracts in Wales and during January 2011 it was being undertaken. Up until this point, a five year contract had been typical for us. This obviously made the practice less attractive to the buyers. After a great deal of to-ing and fro-ing with the LHB, in the spring of 2011 they agreed to offer a three-year contract to the potential purchasers along with a temporary extension for us up until the end of October 2011. This would allow the purchasers’ time to get their finance arranged.

I began to feel that the buyers were reining the whole process out to gain financial advantage. I lost count of the amount of times that either Andy or Lis at Frank Taylor and Associates were in contact with the buyers and giv- ing them along. We reached October 2011 and the buyers had still not arranged their finance. This led to the LHB giving us a one month rolling contract that continued for a further three months. They all felt now meant that the contract offer from the LHB was no longer three years, but two years and allowed the buyers to renegotiate the price. More negotiation followed and eventually the LHB agreed to give the buyers an additional six months on the contract.

Exchange and beyond

We exchanged contracts at the end of February 2012 and it was a happy day! I must advise anyone looking to sell a practice that the two key things that I have learnt from the process are that it will take longer than you expect and pay for an agent to act on your behalf. I did find parts of the sales process quite stressful but I am sure not nearly as stressful as our patients did. We were in the unfortunate position of not being able to give them a final answer as to when we would be leaving.

I am currently enjoying retirement and considering future options.

Contact details

Frank Taylor and Associates is recognised as the UK’s leading independent dental practice valuers and sales agent to the dental profession. For more information call 0845 532 5454 or write to Frank Taylor and Associates, 1 Bradmore Building, Bradmore Green, Brookman’s Park, Hertfordshire, AL5 7QP.

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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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