Buying a Practice? You need to impress the seller...

David Brewer provides a few common sense steps to improve their chances

The doom-mongers out there would have us all believe that the banks have simply shut up shop and are not lending – indeed anyone having read most Saturday editions of the Mail or the Express would normally then be running for the hills!

This is simply not true though; the banks now have an active edict from the Government to lend and with the dental industry being one of very few so-called ‘Green Light’ sectors, we are finding that as long as you have carefully prepared your proposal in advance (ideally in conjunction with a Dental Business Advisor who knows what the banks are looking for), then most clients can secure funding for practice purchase.

With a lot of associates unhappy with their ‘lot’ and only seeing tougher times ahead with further reductions in their income, it is no wonder that the past nine to 12 months have seen a sizable rise in the number of associates looking to purchase – especially in the most popular areas. Demand to purchase dental practices is vastly outpacing supply with the net result being increased competition to purchase the practices in question.

In these popular areas it is very much a sellers’ market. So...as a prospective purchaser, how do you ensure that you stand out from the crowd and ensure the vendor WANTS to sell to you?

There are a few common sense steps that a purchaser can take to improve their chances:

• Turn up for your viewing appointment on time! Seems obvious but so often not the case!
• Prepare a verbal CV in readiness to talk about your past business and clinical experience
• Ask questions of the vendor to establish if you share a similar approach to dentistry (important as the vendor will quite be keen to ensure that a buyer cares for his/her patients in a similar way)
• Relate to the vendor - Look for a personal connection - try to find common areas of interest or common business experiences (eg you both studied at Liverpool)
• At the initial viewing do not ask too many in-depth questions (there will be plenty of time for that later!). Remember you may be one of many viewing the practice that particular day and will only have a finite amount of time with the vendor. You do not want to be remembered as the awkward one...
• Do not be pushy as this will probably unsettle the vendor
• Be positive to the vendor (Remember this is their pride and joy they are selling and even if you feel the decor leaves a lot to be desired – make sure you bite your tongue - you can always re-decorate once you have purchased)
• Highlight your intention to use a specialist dental solicitor (tends to lead to a quicker and smoother transaction compared to using a non-specialist)
• Outline that you do already have funding available or agreement in principle for the purchase (And in advance, I would suggest that you speak with specialist Independent Dental Business Advisors, rather than simply your own bank who from their knowledge of the WHOLE banking market could detail the preferential terms which could be secured as well as proving outline approval)
• Assuming viewing arranged via specialist sales agent do not discuss price direct with the vendor - always best to communicate any offers via the agent

Many of you may think that the above list is a little over the top - bearing in mind you may be purchasing for a sizable sum. However, in this competitive market you really do need to sell yourself to the vendor and to make sure they pick YOU above everyone else. It is not always the person who provides the highest offer who secures the practice quite often it comes down to personality and who the vendor feels will look after their practice and patients best.

So be pleasant in that first viewing - and remember the tips....... they really do work.

About the author

David Brewer has worked with the dental profession for more than 15 years helping more than a 1000 clients secure funding for practice purchase. With his banking background and friendly pro-active approach, he is ideally placed to provide advice and guidance to clients who are looking to purchase a practice or simply review their existing arrangements. David works with Frank Taylor and Associates and can be contacted on 08456 124154 or david.brewer@ft-associates.com.