Thinking of buying a Practice??
Some Top Viewing Tips

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

Frankly Speaking is a bi-monthly column which discusses current dental issues, business, personal development and addresses real clients’ cases.

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 weekend editions of the Mail or the Express would normally then be running for the hills.

This is simply not true….. the banks now have an active interest 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 specialist 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 income, it is no wonder that the past 18 months have seen a sizable rise in the number of Associates looking to purchase.

In many areas, demand to purchase dental practices (both NHS and Private) is outstripping supply with the net result being increased competition to purchase the most sought after practices in question.

In these so called popular areas therefore it remains very much a sellers’ market.

So........ As a prospective purchaser how do you make sure that you stand out from the crowd and ensure the Vendor WANTS to sell to you.

There are of course no guarantees however there are a few common sense steps that a prospective purchaser can take to improve their chances

• Turn up for your viewing appointment on time!

• Prepare a verbal CV in readiness to talk about your past business and clinical experiences

• Ask questions of the Vendor to establish if you share a similar approach to dentistry (important as the Vendor will be quite keen to ensure that a buyer cares for his/her patients in a similar way).

• Relate to the Vendor – look for connections (eg you both studied at the same university)

• 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 has 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 generalist)

• Outline that you do already have funding in place or ‘agreement in principle’ for the purchase (and in advance, I would suggest you speak with a specialist Independent Dental Business Advisor, 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

I know it may seem bizarre 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 nice in that first viewing and remember the tips...... they really do work.

About the author

David Brewer has worked with the Dental profession for over 15 years helping over 1000 clients secure funding for Practice purchase and Start Up. 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 is Director of FTA Finance and can be contacted on 08456 125424 or david.brewer@ft-associates.com

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