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**LILY** HEAD  
DENTAL PRACTICE SALES

*Helping dentists fulfil their  
business ambitions*

# DENTAL PRACTICE BUYERS GUIDE



Since Lily Head founded the business in 2010, LHDPS has become a trusted advisor to many hundreds of Dentists who we have helped '*fulfil their business ambitions*' through the sale and/or purchase of dental businesses.

As a specialist Dental Practice Broker, LHDPS are focused on ensuring the advice, services and value we deliver to our clients is market leading.



## 14 THINGS YOU SHOULD CONSIDER



### WHERE WOULD YOU LIKE YOUR BUSINESS TO BE LOCATED?

Decide which area(s) of the country you would like to buy in and rank those areas in order of preference. The more flexible you are the more options you will have and the better your negotiating position will be. If you are only looking to buy within 10 miles of your home then you must be determined, have your funding in place and be prepared to pay the asking price or higher as soon as that practice goes to market. Be sure to register with all the brokers. At Lily Head Dental Practice Sales you can register for free, but that is not the case with every broker.

### CONFIDENTIALITY & DISCRETION

We recommend that you do not share your plans with colleagues, staff at the practice you are interested in or the LAT (Local Area Team). Be sure to respect the conditions of any Non-Disclosure Agreement (NDA) you sign with a broker or an individual dentist.



### WHAT IS FOR SALE?

Dental Businesses are typically set up as a 'sole trader' or 'Incorporated Ltd company'. If you wish to buy a business which is incorporated, then you will be offered the shares in the company or assets. There are advantages and disadvantages from a legal, accounting and tax perspective which you should take advice on.



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## DENTAL PARTNERSHIP

Buying into a partnership can be a good way of getting into business. Partnerships can be expense share or full partnership. Expense share enables you to work alongside your colleagues and simply share common expenses. Full partnership means you really are in business with your colleagues and you all share the responsibilities. It is essential you are comfortable working with your partners from a professional and personal perspective.

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## FINANCE

We recommend you work with a specialist healthcare lending team who can consider the entire market to get the best deal for you. Contact us to speak to our healthcare funding team. Your chances of an offer being accepted will increase if you have already explored your funding options and can demonstrate eligibility for funding.



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## LEASEHOLD OR FREEHOLD (PROPERTY)

Consider if you would like to buy the freehold of the dental practice or if you would prefer to be a leaseholder. Typically, the banks will lend 100% of the Freehold purchase so consider this in your financial forecasting and compare the benefits of ownership to paying rent. Often vendors have a flexible approach to this and are willing to convert a freehold sale to a leasehold sale with rent at market value and the option for you to buy at a later stage. The freehold will be available at the local market rate and subject to a separate independent bank approved valuation. Your funders will likely expect the lease to have a minimum of 10-15 years to run, so always check the length of the lease that is remaining on a property.

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## NHS CONTRACT

If the practice you want to buy has a NHS contract you will need to adhere to the terms of the existing contract. This will probably include normal surgery hours as well as the allocated number of UDA's. We recommend you engage a specialist dental lawyer to enable the contracts to be transferred to you and do not speak to the LAT as this may compromise your purchase.



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## APPOINT DENTAL SPECIALIST PROVIDERS

We strongly recommend you firstly take professional advice on anything to do with the legal and financial implications of a sale, and secondly that you take professional advice from those who are proven to be experts in helping dentists. NASDAL ([www.nasdal.org.uk](http://www.nasdal.org.uk)) and ASPD ([www.aspd.co.uk](http://www.aspd.co.uk)) are organisations whose members fit that criteria. We have our own list of recommended dental solicitors and accountants we will share with you.



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## VALUATION

Review the valuation with your accountant / lender. They will be able to provide some financial modelling which will show you how affordable any given practice is for you. This is a business transaction and you should understand what a business is worth to you and then act accordingly.





## GOODWILL

Spend some time finding out why patients return to the practice. The Goodwill value reflects the value of those repeat visits. You can discuss this with the vendor at your viewing. In nearly every deal, the purchasing dentist will be concerned that patients will not return once they purchase the practice. We have found no evidence to support these fears, although it is important to put a transition plan in place so that the new dentist(s) can gain the trust of the patients.

A viewing is a two-way street. Our advice is to treat it like a job interview. Ask questions of the vendor about the business, the clinical procedures, patient base and whatever else is important to you, but remember you are selling yourself too. A vendor is likely to be keen to reassure themselves they can work with you post sale (if applicable) and to know they are leaving their patients in capable hands. We provide a separate guide on how to conduct a viewing.



## PRACTICE VIEWINGS



## KNOW YOUR LIMITS

Evaluate your buying power and the profitability of the practice you are interested in. Your lenders will advise you what you have available to invest. Successfully bidding on a practice is not just about 'the highest bid'. The vendor will also make a decision about you. Vendors often think about the on-going care of their patients once they sell or how they might feel about working with you post sale. The vendor should always get to choose who he / she sells to.



## NEGOTIATION

We recommend you do not get into a discussion with the vendor along the lines of 'how much do they want?', 'what is the lowest they will accept?' as you simply run the risk of making the vendor think you are only looking for a bargain when they absolutely do not want to sell at a bargain price. The risk is the vendor now discounts your interest.



## ASSOCIATES

The vendor may well be willing to stay on and work with you as an associate. This is often seen as a very good thing by your lenders, particularly if you are buying a private practice as the continuity of care is important to maintain the private income. You will need to agree an associate agreement with the vendor so it is good to ask them what their plans and ambitions are once they have sold their business.

The information has been prepared by Lily Head Dental Practice Sales as a general guide only and does not constitute advice on any specific matter. We recommend that you seek professional advice before taking action. No liability can be accepted by us for any action taken or not taken as a result of this information.