



The Selling Process

Breaking it Down Step by Step

When you go to market everyone is full of helpful hints as to what you shall experience and how long it shall take. From the old adage of 'a corporate can do it faster' to 'the whole thing shall take 2 years', it's hard to measure where your sale process and transaction line up with other peoples and if it is progressing as it should. Something I hear quite regularly is that the 'average' sale will take six months, but how do you know if you are average or not? While every marketing process and transaction does differ there are some key milestones and actions that you can look out for to make sure you are heading in the right direction. Below I have outlined a brief marketing procedure and transaction for you. Your Dental Elite consultant will work with you and your solicitor to guide the sale and ensure that as far as possible all aspects of the transaction run side by side.

Marketing

At the point you decide to go to market your Consultant will agree with you a prospectus and help you organise the paperwork required to market. This includes up to date NHS and plan statements, most recent financial statements and an EPC on the property. At the point you instruct the EPC it is well worth instructing an asbestos survey at the same time. While not required for marketing this will be a requirement of the bank to lend and gets you ahead of the game. Speaking of which, once you are on the market, the agent will ask you to show perspective buyers the practice, but they should be taking the stress of running around after buyers, checking finance and handling negotiations off your hands so in the meantime it's a good idea to start on your due diligence paperwork and find a Dental Solicitor you like so once a deal is agreed, you can hand over the required paperwork and be off to a quick start!

The time it takes to get to the agreeing a deal does vary from practice to practice, and will often depend on the type of practice you are, and you should be guided by your agent here as what the likely timescale would be. In reality, very popular practices are often agreed in four weeks after allowing time for viewings and a bidding process. With slower burning more complicated practices such as specialist practices this may take up to three months as an individual buyer closely reviews income streams and their own finances before tabling an offer which would not only include the financial element but also any terms for retention or work out for the Principal. No two practices, no two vendors and no two buyers are the same, so there is no one size fits all!

Sale Process

Once you have reached the stage where the terms have been agreed and deposits taken, then it is easier to track your sale as to 'where it should be'. Again, there are some detours from the path depending on if you are NHS or Private, a Sole Trader or a Limited Company, a freehold or a leasehold, but in the whole most transactions will pass these key stages.

Due Diligence – As above, this is an area where preparation is key and is the biggest area where a vendor can come unstuck in the sale, as the daydreaming of retirement and sailing around the Bahamas make it hard to focus on staff contracts and equipment warranties! As far as possible the full list of DD should be with your solicitor within a month of the agreed sale, but in reality while your own buyer's solicitors will have their own questions, the paperwork remains largely the same and can be collated together a lot earlier. If you are worried that you may not be able to get everything together we are happy to offer a DD assistance service to help you get to the bottom of the paperwork pile.

Sale Purchase Contract – Your solicitor will work with the other side to agree a sale contract which best protects the interests of all parties. This is worked alongside the due diligence enquires with the final agreements being made just prior to exchange. Many Vendors find it is this stage where if they have chosen a high street solicitor they can come unstuck as most Dental Solicitors know each other and have general templates agreed meaning the precise details of your transaction are the only outstanding points, speeding the process considerably. We would always advise that a Dental Solicitor is best placed to guide you through.

CQC – The CQC doesn't have to strike fear into your heart, and your last experience of the CQC doesn't have to be a bad one. Your consultant will work with you to ascertain the exact requirements of the CQC, depending on if the sale requires a transfer or brand new registration for the buyers. The will assist with the filling in and submission of the forms and help the buyer prepare for interviews where necessary. The whole CQC process can take up to three months so in reality the forms should be filled and ready to go by the time the Due Dilligence is first submitted.

Medical Elite Recruitment & Practice Sales Limited

Suite 4, Bloxam Court, Corporation Street, Rugby, Warwickshire CV21 2DU

Telephone: 01788 545900 **Email:** info@dentalelite.co.uk **Web:** www.dentalelite.co.uk

Company Registration 07345687

Finance – Your consultant will work with the buyer, IFA and lender to ensure that they have everything they need to ensure their finance. The whole finance process is somewhat more complicated than in the past, but again should take three months from the point the bank say ‘yes this should work’ to ‘when would you like the cash’. This has various key points, but the one that involves you as a vendor is if the bank request another chartered valuation. Your consultant will liaise with you to organise the appointments and will work with the valuer to ensure they have all the relevant paperwork as well as comparable data to show the market values and how this supports the agreed price for the practice.

Lease – If your practice is leasehold then one of the first steps the solicitors will take is to contact the landlord and start to negotiate the required outcome for the lease. This may be a re-assignment of the current lease, or a surrender of the current lease and issue of a new agreement. Either way this is often the hardest part of the transaction to predict timescale wise as it involves another solicitor, that of the landlord, who has no invested interest in proceeding any faster than absolutely necessary! There are things both buyer and seller can do to speed this along and your consultant will work with the buyer to make sure suitable references are supplied, and with you with regards to undertakings. Traditionally any undertaking required is met by the Vendor as the goodwill of the practice is only viable with a suitable lease. Another way to speed things up is to play on a good relationship with the landlord if you have one! However, regardless this process should be started at the beginning of the transaction to reduce the chance of unavoidable delays.

Exchange and Completion – This is the big one! While everyone is desperate to get to completion, Exchange is the point of no return and the first champagne moment of any transaction. This is where the paperwork and lease is agreed, the bank are happy and the CQC are primed. At this stage the period between exchange and completion may be a month, or in the case of some private practices where no consultations with outside parties; such as the NHS, is required, exchange and completion can be simultaneous. Your consultant will advise you as to which path your practice is likely to take, but if you do have a month in between, you’ll be pleased to hear often the only thing left to organise is your farewell party and booking your first holiday!

Hopefully this gives you an idea of what to expect during the sale process and the timeframes. The next Guide in the series is ‘Supercharging your Turnover’ but if you have any questions in the interim or would like us to value your practice on a free and non-committal basis please contact us on 01788 545900. Once we have completed a practice visit we can provide you with a Healthcheck Report which demonstrate exactly how we have calculated your practice’s value and perhaps more importantly how we feel it could be improved.