

PLAN TO BUY FROM ASSOCIATE STANDING START – LUKE MOORE

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It's a huge leap from associate to practice principal. The planning process alone can be daunting, especially if you're beginning from a standing start. However, with a bit of time and effort it doesn't take long to set the wheels in motion, you just need to know where to begin so that when the time comes, you'll be ready.



As silly as it might sound, it's always good to start with your CV. By thinking about the sort of practice you might like to buy, you can build up a stable work history in that area. Any future lender will need to feel confident that you have the experience and ability to run your own practice, and your CV will be a key document in proving your suitability as a principal. It's never too early to start organising your finances either. Your financial affairs will come under scrutiny by the bank sooner or later so you might as well get everything in order and start saving for a deposit as soon as possible – even if buying isn't on the cards for several years.

Alongside this, look at what's out there well in advance of when you actually intend to buy. Because although it may be a while before you're in a position to be able to buy, it's certainly never too soon to scope out the marketplace – what's popular, what's not, and what's predicted to be – as it will allow you to get a feel of the market. That way when the time is right you'll be well placed to make a competitive offer and feel confident in your decision-making. As you know, trends can change and the average sale price across regions and practice types will fluctuate depending on the state of the economy, so by recognising shifts you'll be able to stay well ahead of the game.

Equally, keep your options open. With demand still very high across the sector, you may need to look at a wide variety of practices in different locations before you find an ideal fit. That means keeping a watchful eye on all the big players, because much like homeowners will often sell through one estate agent, vendors tend to stick to one agency for the sale of their practice. If you were to only target one company in particular your options would be limited and you would run the risk of missing out on your perfect practice.

Just be prepared that when you do find a suitable practice you're interested in, you'll likely need to have an independent valuation carried out on behalf of your lender to confirm your offer. It is well known that lending banks value conservatively and as they can only rely on comparable data from completed practices they are usually nine months behind the market. This could affect the amount of cash input that would be required from you to make the transaction work. This is especially true if you are competing against corporates and micro-consolidators that have bigger pockets and don't have the bank valuation hurdle to overcome. Even if you later decide against that particular practice or you miss out, you'll have a better understanding of the process ready for when the right practice comes along.

If, however, it's the case that you plan on buying into the practice where you are an associate, your strategy will be a little different. For starters, you're already one step ahead in that you've found your 'ideal practice', but you will still need to determine the value by having an independent valuation. The other decision that you'll need to make is whether you want to buy outright or purchase in instalments over time.

Alongside this, be sure to find out the principal's exit strategy in advance to optimise your chances of achieving a smooth changeover with minimal impact on the practice and finances. Again, it can help to do your homework on the work involved, and acquire the appropriate knowledge so that you know what you're letting yourself in for. If you are caught unawares a partnership agreement could force a sale of the whole practice if you can't finance the remaining share.

When it comes to the legal and technical side of things seeking advice from a specialist sales and acquisitions agency can go a long way in ensuring a successful outcome. Dental Elite, for instance, will arrange the sale structure and finance, as well as guide you through the acquisition process from start to finish.

Altogether, there's a lot to take in when planning to buy, but as long as you start preparations early and have the right support the transition from associate to principal should be successful.

For more information on Dental Elite visit www.dentalelite.co.uk, email info@dentalelite.co.uk or call 01788 545 900