

# Sow the seeds to sell

When it comes to practice sales, it's never too early to make a start on preparations because the more time you have, the better state your practice will be in to sell and the more attractive it will be to buyers; but where to begin?

## Valuation

Having an independent valuation carried out by a reputable and active practice sales and acquisitions agency is always a good place to start; it can help you to build up a more accurate picture of what outcome to expect from a future sale. The market moves all the time, so it is important that your agent is very active in the sector and is selling multiple practices every month to ensure they really have their finger on the pulse. It will also enable you to identify potential areas of the business where change could be implemented to cut overhead costs or boost EBITDA (earnings before interest, taxes, depreciation and amortisation). Naturally, the earlier you identify areas for improvement the better, so it's always worth considering having a comprehensive practice healthcheck even if selling seems like a long way off.

## Documentation

Jobs like getting the practice's paperwork in order may seem like one of those tasks that can be done anytime, but if you

can get it all organised well in advance of beginning the sale process you'll be doing yourself a massive favour. Firstly, because it always takes much longer to sort through than you think it will, and secondly because it will make the due diligence aspect of the transaction much easier if your documentation is up to date and in order. Better yet, go fully digital and paperless if you can. That way when you are required to share your documents with your future buyer's legal team you'll be able to do so at the click of a button. Although, original documents should always be retained in storage.

## Finances

To prove to potential purchasers and lending banks that the practice is viable to lend against, you must be able to provide several years' detailed and accurate accounts evidencing the practice's income and expenditure. It can also help to meet with your accountant and financial adviser to establish whether you can afford to sell, as well as discuss the tax ramifications of selling your practice. It may be that steps can be taken in advance to mitigate some of the costs.

## Associate agreements

If you engage associates you must make sure there's an associate agreement

The co-founder of Dental Elite, **LUKE MOORE** provides top tips on how to get a practice ready to sell and attract prospective buyers...

in place containing both a restrictive covenant and a clause that allows for the transferability of the contract to any prospective buyer. This will protect the practice's goodwill and prevent any disputes down the line.

## Maintain a good patient list

The other aspect to give thought to in the lead up to a sale is how to make the practice more attractive to prospective buyers and stand out from the crowd. Buyers typically look for a profitable practice with a steady turnover and well-maintained patient list, so the best way to generate interest is to grow the business in the lead up to the sale. If you were able to do so alongside steadily reducing your responsibilities leaving the day-to-day running to a practice manager, your practice would be especially attractive to buyers. Not only because this type of set-up means they would be able to hit the ground running and be profitable straightaway, but also because the goodwill would lie with the brand rather than with the practice principal. Creating a stable business might also help to decrease the likelihood of a deferred consideration deal, which would allow you to walk away from the sale rather than getting tied into a three to five year contract.

However, do it wrong, too quickly or too

close to the run-up to the sale and you run the risk of losing turnover, reducing your practice's value and damaging your chances of finding a buyer. If you are looking to step back from the practice, you'll need to do it well before you intend to sell.

To begin sowing the seeds for your practice sale contact Dental Elite. This dental specialist is one of the leading agencies in providing in-depth practice valuations, and the team is highly knowledgeable in all areas of practice sales and acquisitions, including exit strategies and due diligence.

Together, with your own preparations and attention to detail you will be sure to maximise your chances of getting the practice ready to sell, attracting a suitable buyer and achieving the optimal sale outcome possible. ■

[www.dentalelite.co.uk](http://www.dentalelite.co.uk)

## About the author

**Luke Moore is one of the Founders and Directors of Dental Elite and has overseen well in excess of 750 practice sales and valuations.**

