

## Business

# Don't get bitten post-purchase

**Callum Jackson** shares the key to dental practice sale and purchase success. Spoiler alert: he's a dentally aware solicitor

Due diligence is the initial 'tyre kicking' exercise of a transaction, during which a purchaser will raise several rounds of enquiries to gain a better understanding of the target business they wish to acquire. The seller responds to these enquiries, further enquiries are raised where applicable, and so on.

However, in order for a due diligence process to bear fruit, the correct enquiries must be raised. Only a dentally aware solicitor will be able to report in detail on each aspect of the business. This includes the inventory and any excluded items of sale, equipment and maintenance, regulatory/Care Quality Commission matters, NHS, financial information, insurance, tax, employment, property and so on.

Your solicitor should provide you with a detailed report on all findings and raise further enquiries on your behalf. The due diligence process is vast, and it is not unusual for enquiries to be sent back and forth over several rounds because of this.

## Do your due diligence

Let's take UDA performance as an example. The practice could be about to lose a significant amount of its UDAs



and therefore its contract value, or worst case scenario, lose the contract entirely due to repeated underperformance. This is an expensive mishap, which is easily avoided by instructing a solicitor who is able to decipher an NHS Pay and Activity Statement.

By this point, you may be thinking that the due diligence process is for the sole benefit of a purchaser, and nothing but a tedious, labour-intensive game of correspondence tennis for a vendor. However, the due diligence process can also protect a seller's position, so it is crucial that this process is taken seriously and as much detail is provided as possible.

The due diligence process ensures that the buyer gains a detailed understanding of the current health of a business. This also protects a seller as the onus is more on a buyer to enquire about the business, rather than vice versa (caveat emptor – buyer beware). This notion may be able to protect a seller should a claim arise post completion under certain circumstances.

## Cover all bases

A comprehensive due diligence exercise will not only aid to ascertain areas of potential exposure of a purchaser,

but it will protect beyond this, as the findings from due diligence can ensure necessary provisions are entered into the sale and purchase agreement (warranties, indemnities etc, to cover any issues such as defective treatment, employment claims, underperformance etc).

The due diligence process can be a burden, as vast amounts of documentation is required to answer all relevant enquiries, and some replies to enquiries may have to be very detailed. However, your solicitor (if dentally aware of course) can help alleviate most of this burden, and can be there every step of the way to ensure you get the support you require.

The purchase of a dental practice may well be the most significant purchase an aspiring practice owner will ever make. Why leave things to chance? Ensure the transaction doesn't come back to bite you, and instruct a dentally aware solicitor. **D**



Callum Jackson works in the acquisition and purchase team at FTA Law. FTA Law advises on all aspects of buying and selling and running a dental practice.

IF YOU WOULD like further information, call FTA Law on 0113 834 3740.

# The empowered principal – winners in dentistry

Make sure you concentrate on what you enjoy, **Neil Sikka** says

'The price of freedom is responsibility, but it's a bargain, because freedom is priceless.'

A study by the BDA (British Dental Association) in 2015 found that:

- 47% of dentists have low levels of job satisfaction
- 44% of dentists have low levels of happiness
- 60% of dentists experience high levels of anxiety.

I suspect that we won't receive much sympathy from the general population who see dentists as doing very well.

Running a dental practice can be highly stressful. As the owner of a chain of 10 private practices for 25 years I am well aware of the daily struggles we as principals encounter.

It can be a very lonely place. Unless we have understanding partners (both personal and professional), there is rarely someone with whom we can share our issues and concerns. Ultimately the buck always stops with us.

## Being a principal

We have seen a large increase in litigation, regulation, administration and associated costs. The message I regularly hear from practice principals is that they want to be able to concentrate on looking after their patients but the increased burden of running a business is wearing them down.

Is it all downhill from here?

We provide a valuable service to the community, and have the opportunity to grow a commercial enterprise whilst continuing to enjoy our vocation. The freedom of getting up every morning and being able to plan our day without being answerable to anyone is priceless. To be your own boss, lead your team and to have their respect can be truly uplifting. We are proud of our achievements and rightly so.

However, as the saying goes, with that freedom comes responsibility. We have the burden to ensure the ongoing success of our business and to look after our team.

Does it really need to be a burden?

## Delegate

When I first set up Barbican Dental Care, I used to rush around trying to run the business between treating patients. One frantic day, one of my wise patients (a chairman of a blue chip company) took me to one side and whispered: 'Neil, you only have so many hours in the day. Concentrate on what you do best and what you enjoy, delegate the rest.'

His words did not immediately sink in, but once I made the time to consider them I decided to concentrate on those aspects I enjoyed and not be too proud to seek support where I needed it. I have listed just a few examples in the box below.

With the plethora of support services available in the dental market it was not difficult to outsource most of the 'dislikes'. Even better, you may have a member of staff whose 'likes' are your 'dislikes'.

### Likes ✓

- ✓ Making patients smile
- ✓ Bringing ideas to life and seeing them grow
- ✓ Making private treatment accessible
- ✓ Building a team
- ✓ Developing our culture
- ✓ Running a profitable business.

### Dislikes ✓

- ✓ Administration
- ✓ Health and safety
- ✓ Reporting
- ✓ Facilities management
- ✓ Equipment maintenance
- ✓ Audit
- ✓ Compliance
- ✓ CQC
- ✓ HR issues.



Having completed the list and acted upon it, my working day became so much more enjoyable. The lists evolved over time, but whenever I was presented with a challenge I would first consider which side it would belong in. This newly found freedom enabled me to grow a business that treated 50,000 private patients a year and attracted 500 new patients every month. **D**



Dr Neil Sikka set up one of the UK's first corporate dental businesses, implementing dental plans for companies and treating employees at his chain of private practices, Barbican Dental Care (BDC). Following the acquisition of BDC by Bupa, Neil has commenced a number of new roles, including that of relationship director, developing a seamless journey for employees using Bupa dental products at Bupa centres.

**NEIL WILL BE** running a series of interactive seminars for principals. Further details are available at [neilsikka.com](http://neilsikka.com).