

CAVEAT EMPTOR (or do you believe in love at first sight?)

Caveat Emptor is Latin for "Let the buyer beware." The idea that buyers take responsibility for the condition of the items they purchase and should examine them before purchase. This is especially true for items that are not covered under a strict warranty.

Buying a Dental Practice is something that very few people do more than once.

Frequently the purchaser is relatively young and inexperienced. Often they are desperate to get going in their own place, they have seen enough of their friends become practice owners and want some bragging rights of their own. Perhaps they have been associates where the boss doesn't share his ambitions let alone his practice management expertise, presuming any exists.

So what do they do? Scour the adverts in the BDJ, ask the agents to be placed on their mailing lists, smile at the manufacturers' reps and ask if they have any knowledge. Eventually something turns up; they inspect, get the accounts and show them to their bankers (and lest we forget a banker can sometimes be a person who lends you an umbrella when the sun shines and demands its return when it starts to rain).

Oh the excitement!

This is it, this is love, and this is the one for me.

The bank say they'll lend me the money – it took them a couple of weeks to make the decision but obviously saving for the deposit was worthwhile and the seller's accounts look good. Fantastic let's get the offer in quickly, we've heard that practices are being snapped up at the moment. Can't take the risk of losing out now we've decided. Go for it.

What, they won't accept less than the asking price? OK, we can get the new equipment on lease the rep. said that was tax efficient (I wonder what that means?). No need to put up with that old technology we're going to bring the 21st century to Smallville.

Agree to pay the full whack, hand your notice in, the three months fly by.

Oh the places we'll go, can't wait to get going with that Facial Aesthetic stuff, the Short Term Ortho - nobody else around here is offering it - and just wait until you start on those smile makeovers...

Twelve months on and you're sinking,

The regular patients weren't.

The reason the accounts were so healthy and the bank were happy to lend is because they covered the years when the previous owner had discovered crowns but chosen to forget perio...

...especially in the plan patients...

The receptionist / practice manager had been described as the heart of the practice. She knows all the patients because she has been there for so long and is now busy telling everyone she meets that you're full of these new-fangled ideas that are OK in London but there's no call for them round here. You caught her saying to one patient that "she'll soon knock you into shape". She doesn't approve of your new fee structure because "people won't pay".

The nurse has been on the sick for three months and now thinks she "might be" pregnant. She has told the practice manager that the "risqué" joke you heard Chris Evans tell one morning, and repeated to her, was sexist; she was quite offended and didn't know quite how to take it, especially as you had been alone with her when you said it.

The cost of the agency nurse is playing hell with your financial forecasts.

The commute that appeared reasonable seems to take 40 minutes longer than you had anticipated. Your partner can't understand why you have to spend the evening "doing the

books". The visit to the gym on the way home has been replaced by one to the take-away and the off-licence.

You hear a rumour that the old owner who said he was heading for the golf course and the beach is working part-time as an associate 100 yards beyond the distance agreed in the barring out clause.

It seems strange to me that when we buy our first flat or house we will ask our parents, family, friends, the man in the pub, anyone for an opinion, because they have all bought and sold houses.

Yet how many dentists jump into practice purchase with hardly a second thought and then end up in the situation described above?

Or worse?

These are strange times in dental practice sales; some areas of the market have been described as being in "feeding frenzy" mode. The sheer enormity of the bureaucratic iceberg, of which CQC/HTM 01-05 is merely the portion above the waterline, has persuaded many owners that now is the time to go.

Without doubt there are some great practices for sale at present and there are some potential nightmares out there too.

If you're looking to buy a practice and need some help in asking the right questions, perhaps we can help. A pre-offer visit to a practice into which you are considering sinking a significant amount of money might not only save you cash and heartache but may help you to know exactly what to look for when you are examining other practices.

Alun's Top 10 Tips if you're looking to buy a practice:

1. Get the money in place first. The world is full of seemingly nice people with money to lend - the only difference is the price you will have to pay so be prepared to shop around.

2. Take your time, don't be rushed by agents, owners or friends.

3. Visit and revisit, take a look at the area during the “normal” working day. Walk the streets around the site.
4. Research, research, research. Where are the closest practices? What are they offering? Can you compete or complement their offer?
5. Be prepared for the process to take twice as long as you had hoped.
6. Look at the “books” - not just the finalised accounts see what's really happening.
7. Examine the clinical records - what's been going on? What are the treatment patterns - or not.
8. Are those patient numbers real or optimistic? 3,000 record cards does not mean 3,000 *regular* patients.
9. Are you ready to totally immerse yourself in the new venture for at least 12 months? If you & your family don't want to live, eat and breathe the business whilst you are turning it into yours, then stay as an associate - it's an honourable way to make a living.
10. Get your support team in place. Ensure your accountant, solicitor, and business coach are tuned in to what you are doing and what you want to achieve.