

Recruitment – Preparation for a practice sale

Being aware of market rates for staff within the relevant region is essential for vendors, explains Dental Elite...



In order for vendors to better position themselves for the sale of their practice, it's important to establish stability among staff. Recruitment is now an important aspect of buying a practice – much more than it was a few years ago. Potential buyers need to know how easy recruitment is within the area, so they can identify any possible issues that they may face in the future when seeking new members of staff. If they can identify high staff retention when looking at the accounts, this puts the practice into a much stronger selling position.

Staff turnover isn't the only element to think about. Assessment of pay rates for all members of staff is equally as vital. For example, if a vendor is paying their staff below the average market rate for their area, there is a high risk of individuals leaving. Any loyalty between staff and principal will very likely be lost when the practice is sold and so someone may be more inclined to move on when the change of business ownership is announced, going in search of better pay. The same would be true for associates, dental nurses and non-clinical members of staff.

For dental hygienists, despite the on-going question as to whether HMRC will view them as employed rather than

their current self-employed status, they are usually paid on a percentage rate rather than an hourly rate. While dental hygiene is potentially the most profitable part of a practice, it is all about recruiting the right individual in the first place who will actively grow their books.

For associates offering NHS dentistry, UDA rates offered will be important. While UDA values had been reducing in recent years, a tougher recruitment landscape has seen them increase again. As the priority is always to maintain the NHS contract, UDA rates offered need to be sustainable and any changes to the existing values provided will be considered as part of the practice sale. The impact of a non-performing NHS contract is greater than the impact of paying higher UDA rates, so this should be optimised long before the practice is marketed.

Being aware of market rates for staff within the relevant region is therefore essential for vendors. This can easily be found by simply checking job adverts. Equally, Indeed offers a feature called 'Salaries', which can be used to search average pay rates and salaries offered for particular job roles advertised on the site over the past 36 months. This tool allows the search to be refined according to region for each job title entered. By using this feature, a practice owner can benchmark the pay it offers staff against the average rates in their area. It may help to explain the reasons behind a high staff turnover and will provide the information needed to adjust the business model and create a more stable situation in preparation for a future sale.

On another note, if a staff member decides to leave when they are informed about the practice sale, it would be very important to provide locum cover in order to maintain the value of the business when it was first taken to market. In situations where there is a nine month sell-out, for example, and an associate leaves, it would be crucial to cover the work that would have been completed or the sale price may need to be reduced accordingly. This could be implemented even where a sale has been agreed, as the buyer would have a right to re-negotiate based on the practice's newly reduced capacity.

It is also important to consider whether someone needs to be replaced by an individual at the same pay rate. In some instances, it might not be possible to fill the vacancy at the same pay as the person who left and higher rates will influence business profits. Equally, though, the seller might find that they can take someone on at a lower pay rate. Where an individual has been with the practice for decades and been given favourable pay or bonuses to reward loyalty, for instance, there might be the opportunity to take on someone new at a lower, more sustainable rate. The buyer is obliged to take on all employed staff at their current terms, so it's important that the figures can be effectively justified in the accounts.

It is worth noting that any substantial changes to the staffing structure that could impact business value during a sale will need to be shared with the buyer who, in some cases, may need to give permission to proceed.

As such, the many benefits of getting the right people in place well in advance of selling a dental practice are clear. Planning ahead is key – the Dental Elite Practice Health Check can be an invaluable tool when it comes to assessing and managing your business with regards to staff. Knowing where you stand now and how you can effectively manage recruitment in the coming months and years will ensure your business is in the strongest possible position when you do come to sell.

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

About the author
Leah Turner is Practice Sales Director of Dental Elite



About the author
Luke Arnold has more than 10 years' experience working in the recruitment sector, and has developed his skills specifically within the dental industry since joining the team at Dental Elite in 2011. He is currently the Director of Recruitment Services for the company.



February

06
Hospital Dental Services Study Day
10:15-16:15
64 Wimpole Street,
LONDON

Free
<https://bda.org/events/national/Pages/services-study-day-february-2019.aspx>

07
The Probe Webinars: Harry Singh - What can a Level 7 qualification in aesthetic medicine do for you?

13:00- 14:00
www.the-probe.co.uk/webinars
Free

For more info, contact Michelle on 07961 026682

13
Ultaire AKP: A Polymer RPD Solution. How to introduce into your own clinical practice
Jonathan Hughes, Clinical Dental Technician and Solvay Dental
19:00-20:00

Free
<https://the-probe.co.uk/webinars/>
For more info, contact Michelle on 07961 026682

18
How do I get into dentistry?
09:30 to 16:00
64 Wimpole Street, LONDON

Price: £95
<https://www.eventbrite.co.uk/e/how-do-i-get-into-dentistry-tickets-48947021860?aff=ebdssbdestsearch>

22
Compromised teeth and failing restorations
09:00 - 16:40
64 Wimpole Street, LONDON

Dental Care Professional: £145.00
Essential member: £245.00
Expert member: £245.00
Extra member: £245.00
Senior member: £245.00
Non member: £335.00
Student member: £245.00

For more info, call Merete Ficken on 020 7563 4590

26
NHS Dental Procurement Conference
9:00 – 16:00
Shendish Manor, Hertfordshire

Members rate - £150+VAT per person
Non-Members rate - £200+VAT per person
<https://www.eventbrite.com/e/nhs-dental-procurement-conference-tickets>

March

1st March 2019
Contemporary treatment of the worn dentition
09:00 - 17:00

Crowne Plaza Hotel, Chester
Dental Care Professional: £170.00
Essential member: £270.00
Expert member: £270.00
Extra member: £270.00
Senior member: £270.00
Non member: £360.00
Student member: £270.00

For more info, call Merete Ficken on 020 7563 4590
<https://bda.org/events/seminars/contemporary-treatment-of-the-worn-dentition-1-march-2019-chester>

2nd March 2019
The Gatwick Dental Recruitment Event 2019
10:00 – 15:00

Free
Free Courtyard by Marriott
London Gatwick Airport
Buckingham Gate
Gatwick, West Sussex
RH6 ONT

<https://www.eventbrite.com/e/the-gatwick-dental-recruitment-event-2019-tickets-55563265222?aff=ebdssbdestsearch>