

More a refocus than a reset

With more changes on the horizon, the New Year is going to require a refocus rather than a complete reset. So, what can you do to prepare in order to protect yourself, your team and your business?

A unique situation

As the Covid-19 pandemic continues, it has created a completely unique situation for both businesses and individuals, which makes planning for the future all the more difficult. Even the recession of 2008 didn't see entire industries shut down overnight and remain closed for several months. Consequently, business recovery in 2021 and beyond will be very different to anything we have seen before. Being prepared will be just as much about remaining flexible and responsive, as it will be about putting a plan in place.

Get started early

There's never a bad time to assess your finances and implement changes that will improve your situation moving forward. Indeed, you will have likely reviewed your income and expenses on both a personal and business level several times in recent months, so you should know where you stand.

Moving ahead, if you deferred any payments in 2020 – rent, mortgage, loan or credit card repayments – you'll need to be ready to start paying them back. This could mean higher repayments than you would otherwise have had to contend with, so it's important you know where that money will come from. Be realistic in your 12-month plan, creating definable targets. It's important not to sacrifice areas that will support revenue in the medium- and long-term, like marketing.

Stay flexible

No matter how your business has fared so far,

or what your 2021 predictions are, it is vital to remain flexible. When income is strong, drive profits back into the business to encourage future revenue and build cash reserves. Monitor treatment trends constantly to ensure you are always adapting to patient behaviours. Stay in close contact with suppliers and laboratories to ensure you are getting the best deal and developing strong professional relationships. Rather than looking to tread water until we 'get back to normal', accept that some changes will be here to stay. When you can, invest in the technology and innovations that will enable your practice to thrive, despite the challenges faced.

Support where it is needed

There is a lot to think about when attempting to prepare your business for a variety of possible economic circumstances in 2021. It is, therefore, crucial that you work with experts in their fields to ensure that you make the most

of the options available to you, protecting you, your team and your business. Consider the HMRC COVID-19 business helpline, or speaking to your bank about settling deferred payments. You might gain greater peace of mind by working with an Independent Financial Adviser (IFA), like those at money4dentists, who can ensure you have all your ducks in a row. 2021 might not be the total re-start many of us wish it could be, but by refocusing and being prepared, you can help to protect your livelihood, whatever happens.

For more information please call 0845 345 5060, email info@money4dentists.com or visit www.money4dentists.com. ■

About the author
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Buying your first dental practice: key considerations

So, you're looking to buy your first dental practice. The good news is that despite the Covid-19 pandemic, the dental practice market remains strong with plenty of demand to buy and sell, which means you can expect to pay a fair price for the practice of your dreams. Once you are certain that this is a commitment you want to make, there are some key factors to consider to ensure a smooth transaction.

Finance

There are various ways in which you can finance a practice purchase, with one of the most common being through a bank loan. Most loans for the first-time purchase of a practice are unsecured, which means lenders will understandably want to be sure you are financially capable of repaying the loan. To give yourself the best possible chance of securing a loan at a reasonable rate, it is important that you determine your affordability. This not only relates to the practice price, but also the additional costs that are incurred during the acquisition process including legal expenses,

bank charges and valuation fees.

If, for instance, you can secure a loan of £500,000, this does not necessarily mean you can afford to purchase a practice of the same market value. You will need to set aside some savings to account for all the extra costs that come with buying a practice – a lump sum of £15,000 generally provides a suitable cushion for this. In the event that you receive offers from several different lenders, you should review the lending packages carefully, taking into account factors such as the loan value, loan interest rate, repayment period and additional fees for early or late repayment.

Due diligence

It is important to bear in mind that as a practice owner, you are not just taking on the responsibilities of managing a property but a business too. When it comes to the due diligence process you need to ask the right questions of the seller so that you can assess the business properly and plan for its development. A key part of this is to investigate whether there are any skeletons in the closet, including NHS contract

breaches or outstanding litigation claims, as these factors can affect the value of the practice.

It is also vital to review the financial background of the practice and check the figures for validity, as this will help you gain a good picture of the business' health and growth potential. At this stage, it is also wise to start the CQC registration process, as well as any other relevant applications. When registering with the CQC for the first time, it can take several weeks to complete so it pays to get underway as soon as it's feasible to do so. It is of the utmost importance that your forms are filled in correctly as any mistakes will lead to the CQC rejecting the application, which can delay the transaction significantly and cause unnecessary headaches during an already stressful venture.

Preparation is key

Buying your first dental practice is a momentous step forward in your career, but it's not without its difficulties. That's why it is important to be prepared, and to seek professional advice and guidance to ensure success. With Dental Elite, you benefit from the support of a reliable company

that works solely within the dental sector and therefore understands the ins and outs of practice acquisitions. The friendly team can help you find the practice of your dreams and manage the purchasing process with an expert eye, liaising with your chosen lender, solicitor and accountant to ensure an efficient transaction, free from delays.

For more information contact Dental Elite. Visit www.dentalelite.co.uk, email info@dentalelite.co.uk or call 01788 545 900. ■

About the author
Luke Moore is one
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in the dental industry, Luke has
extensive knowledge in both dental
practice transfers and recruitment and
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and Private practices.

Get to know your practice!

To stay in control, and to be able to plan, you need to know how your practice is performing at any given time. Waiting until year-end to find out if your expectations have been met, or if you need to change your strategy, means you could miss out on a great business-benefitting opportunity – if only you'd acted six months' earlier.

Knowledge is power!

This is where management accounts come in – and why every dental practice owner should use them!

What are they? Management reports are regular data reports that will keep you informed and give you a clear and current picture. Typically, they include profit and loss, a balance sheet and a cash-flow statement, also a summary report for that month or quarter (depending on how regularly you would like them).

The key benefit of regular management accounts is that they keep you on the right track. They will enable you to make data-driven decisions, so you can stay in control

and tweak your business plan accordingly. You might see a clear need to expand the team sooner rather than later to meet demand, or to invest in other resources, like a new piece of equipment, for example. Or, you might identify a red flag that means a future problem if you don't act now – management accounts are rather like an early warning system.

Every successful business is also a responsive business, which is why having an up-to-date insight is so valuable – it will allow you to adapt to changing market conditions. And if you need to spend more cash in a certain area, in order to boost income, these regular reports will help you plan when the best time to do this is. You can compare previous months or quarters, to predict where there will be more money available to spend.

Management accounts will also help with tax planning and keep you compliant, too. Don't be caught out because you have not fully understood what you need to pay to HMRC and when.

Another bonus? With year-round reporting your accountant won't need to charge you

for all that extra time when preparing your year-end accounts! Also, if you are trying to access finance, management accounts will be invaluable when you are trying to gather all the up-to-date financial information that you need. The same applies if your stakeholders suddenly require this info; the process will be far easier because you will have it to hand.

Peace of mind: a precious resource

So that's a saving of money, time and stress – a win on every level. Management accounts are a solid basis for making good, pragmatic business decisions that will optimise the running and performance of your practice. For dental practice owners, they do not have to mean an added burden of work either. Specialist dental accountants Lansdell & Rose have been producing regular management accounts for dental clients for years. The process is seamless, simple and painless, yet the gains will be invaluable and ongoing.

Knowing your practice inside out will give you peace of mind and can also be the secret

of your success. When you know exactly where you are, you can think about where you would like to be. But you'll need accurate and current information if you are going to get there. Choosing to have management accounts means you are making a decision to succeed and to keep on thriving. ■

Business bites

By Michael Lansdell



Michael is a specialist **Dentist Accountant and Tax Adviser** with **strong technical and commercial skills.**

Completing his training with international accounting firm Deloitte he then became a founding Partner at Figurit (formally Lansdell Rose). Michael combines a strategic approach with high attention to detail and is focused on saving his clients tax over both the short and long term, using robust tax-saving vehicles and tax efficient business structuring.
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