

# Guide to Selling a Dental Practice in Scotland

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# Selling a Dental Practice

Having built up a successful practice over many years and often over a lifetime, when you start to consider retirement you will want the sale of your practice to be as smooth as possible, and at the end of it to be able to enjoy the fruits of your efforts by maximising the overall benefit you secure.

Like any other major milestone in your career, it is important that you are well supported and advised throughout the process of the sale. Selling your practice will often take more time, and involve more preparation, than you ever anticipated, but planning ahead with the guidance of experienced experts will reap real benefits for you.

To show some of our experience and demonstrate our legal expertise in this very specialised area, we have created this practical guide. In it we highlight some of the key steps that you need to take as part of your all important journey towards selling your practice and hanging up your drill forever.

## Pre-sale

Selling your practice is in many ways like selling your home - planning and practical preparation are vital for the successful sale of both a house and also a dental practice. Sound advice for a successful house sale would be to do some tidying and a degree of redecoration, getting everything in shape and making it look the best that it can in every way. The same applies to your practice. Whilst you don't need to go as far as having the aroma of coffee and freshly baked bread in the practice, you will benefit from taking some simple steps prior to sale.

- Practice sales often take longer than either party anticipates – even an average and straightforward sale might take a minimum of four months. The planning that is done prior to the sale will play a key part in enabling as speedy a conclusion as possible for you. A well organised seller gives the impression of a well run practice and forward planning will also allow you to quickly answer any questions raised by a potential purchaser. We've outlined

some of the areas for you to consider in the next section – 'I've found a buyer'.

- Consider and confirm what period of notice requires to be given to your Health Board – it is usually three months - as that has a considerable impact on the timeframe for any sale.
- Think carefully about the best form of marketing for your practice. Some practices are sold privately, either to a known purchaser, or via a confidential advertisement for example in the specialist dental press. Many others are, however, sold via sales agents who specialise in the sale of dental practices and who have significant networks of contacts that you can benefit from. In making your decision it's important that you understand the financial implications of each option and the impact that each one will potentially have on your time and your staff – especially given that you will still have the practice to run throughout the process.
- At this stage it is also vital for you to engage specialist legal and accountancy expertise. Selling a practice can be very different from the general running of it on a day to day basis and at Thorntons we have a team of experts who have extensive experience of the sale of a very wide variety of practices across the length and breadth of Scotland. We also have extensive contacts with specialist accountants and are always happy to recommend an accountant for you.

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*Buying or selling a practice can be a daunting prospect. Michael Royden and his team of solicitors at Thorntons made the sale of my practice so much easier and simpler. Their solicitors gave me sound advice on all areas of the sale; property and employment aspects as well as the actual sale/purchase contract. They have detailed knowledge of the market and of the nuances of dental practice so no lengthy explanations are required. I felt confident as Michael calmed my anxieties and dealt with any issues quickly, calmly and efficiently. I cannot praise Thorntons highly enough.*”

**- Kieran Fallon**

## I've Found a Buyer

This is the point that the legal and financial elements of the deal will begin to be shaped as well as negotiated and the end result is very dependent on these early stages.

There are a huge number of things to consider and to be aware as well as to beware of at this stage and we've captured what we think are the key considerations for you.

- At the outset, ask the buyer to agree to keep all of the information provided as confidential, in case the deal does not proceed. This can be done by the use of a confidentiality agreement, which we can provide.
- One of the first steps in the process is for the buyer to ask for certain pieces of information about your practice. Whilst you will have to provide some or all of this, your lawyer and accountant will help you to think about how it is laid out and how it will be interpreted. The things that may be requested by both the buyer as well as their advisors will include -
  - 3 years of accounts for the practice. They may also look for more up to date financial information, including NHS payment schedules.
  - Employment contracts for all employees and for their current salaries, other benefits, etc.
  - All Associate Agreements, and agreements with other self-employed persons (such as a hygienist).
  - If you lease your practice premises, the lease will be required.

This is only part of the information which will be requested, but having those documents well organised, carefully laid out and quickly available will smooth the process when the time comes.

- You may own your own premises, and should think about the benefits of selling them as part of the sale or retaining them. If selling, the overall price agreed will include the premises. If retaining the premises, but leasing to the buyer, you will need to consider and agree the terms of the lease - the rent, period of the lease, etc.
- If you currently lease your premises, the lease will need to be transferred to the buyer, and the landlord's consent will be required for that. You should take this into account when planning and allow extra time for these additional steps in the process of the sale.

## Preparing to sign

After all of the negotiations are complete the buyer's lawyer will produce an agreement which covers all the legal aspects of the sale. This needs to be carefully reviewed to ensure that it reflects the terms of the deal and there are no 'surprises' built in to it. Additionally the agreement must adequately address issues which are of **interest to you**.

## Reaching go

All being well, the hard work which you have put in over the years, and the preparation for sale, will result in a smooth transaction culminating in the surgery keys being handed over in exchange for your well-earned cheque.

But even then some things will still need to be considered. Planning what to do with the sale proceeds is something which you will hopefully enjoy doing. If however you require some assistance with that planning, Thorntons can introduce you to experienced independent financial advisers who can help you with that all-important issue.

# What our clients say about us

“*Thorntons in Dundee are valued members of NASDAL and specialise in all services to the dental profession. In the last 12 months Michael and his team have expertly handled the practice sale for the majority of our clients in Scotland. His personable approach and knowledge is invaluable and is highlighted by the fact that he is the only Scottish solicitor who is a member of the Association of Specialist Providers to Dentists.*”

“*After much thought and soul searching I decided to sell my Dental Practice after 18 years of ownership. I realised my own Solicitor, who had handled the buying of the practice, seemed to be quite confused by the complexity of us selling and still working in our practice as well as assigning over our lease. Thorntons Solicitors were recommended to us by our broker. I was immediately impressed by Michael who had a very professional and friendly approach. He was indeed very knowledgeable and seemed to have had a lot of experience in the Dental field. Michael and his team handled the case with such professionalism. They managed everything without me having to have a single meeting at their office. I would recommend Michael and his team very highly if you are thinking of selling a practice as they made the whole process as stress free as possible with their excellent professionalism.*”

**- Debra Rawcliffe**



## Providing expert guidance

At Thorntons, we have a team of experts who have years of experience in handling the issues which arise during the acquisition as well as the sale of dental practices. We are also very well versed in the day to day requirements of running a dental practice, providing technical, staffing and commercial guidance. Our team provide this support across the whole of Scotland and for a very diverse range of practices. We would be delighted to hear from you and to provide assistance.



**Michael Royden**  
**Partner and Head of Thorntons Dental Team**  
Email: [mroyden@thorntons-law.co.uk](mailto:mroyden@thorntons-law.co.uk)

Head of Thorntons Dental Team, Michael has years of experience in advising dentists on all aspects of their practices, including in the sale and acquisition of practices, partnership and expense sharing agreements, associate agreements and regulatory matters. Michael is the only Scottish solicitor who is a member of both the Association of Specialist Providers to Dentists and the National Association of Specialist Dental Accountants and Lawyers.



**Ewan Miller**  
**Partner and Head of Business Law**  
Email: [emiller@thorntons-law.co.uk](mailto:emiller@thorntons-law.co.uk)

Ewan is a highly experienced solicitor who advises dentists regularly on commercial real estate requirements. Ewan is well known within the commercial real estate sector and regularly speaks at dental seminars and conferences on real estate and on professional regulation.

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