

The corporate bonanza

Geoff Long explains why dentists should be wary of selling their practices to corporates.

If there is one thing that almost all dentists in practice agree on it is how stressful their workplace is, how tough it is coping with it and that other people have a much easier life.

So it is not surprising when a corporate body writes to them out of the blue, with a generous offer to buy their practice that many dentists accept and sell out. The corporates have been remarkably successful in many areas of the country taking over around 20 per cent of dental practices.

What many dentists fail to realise is

Having sold up, the awful truth about the availability of good practices will dawn on you.

the terrible long term consequences of their short term financial gain selling up. To understand this, go back to basics: Ask yourself why you became a dentist. It was probably because you wanted your own practice. Dentists study for five years or more to qualify. Their motivation is widespread, but many have one over-riding objective: having their own practice to enable them to practise their own style of dentistry in an environment they enjoy. If you wanted a corporate life you should have joined the Marks and Spencer management training scheme

or worked for a bank or city law firm.

Corporates are not paying enough to sell out your career. Even with goodwill values of around 100 per cent of turnover, it is poor compensation for your future earnings potential. What dentists forget is that dental income trebles every 12 years. If you are earning £150K a year now, back in 1998 you would have been on around £50K. Have a look back at your accounts if you do not believe me. What does this mean? The money you receive now from a corporate is going to look pretty sad in 12 years in light of what you could have been earning. For example a £500K practice sale will equate to £150K in today's terms if you apply the triple-grossing above. Don't forget there will be tax to pay on top of that too! So after you buy a new car, pay off your debts and pay for a decent holiday, how much money will you have left?

Working as an associate for a corporate is not a bed of roses. Many are a disorganised shambles and they may be taken over or go bust (that means you might not get paid). As the corporate tries to improve profitability there is downward pressure on associate pay and you realise your life job and future are out of your control. You will not believe you used to receive a cheque from the British Government every month and now you work for a bunch of accountants who are more interested in targets than your career or the well-being of your patients. ■



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