



Be like an ant. When you look at how the ants go about their business they are very structured and deliberate. If we can apply the characteristics of ants into the way we go about buying a practice we can definitely be better equipped for the challenges that lie ahead



*Fire Ant Assessment
The Ultimate Practice Purchase
Due Diligence Tool*

Date of inspection:	...../...../20.....		
Practice Name:			
Inspector(s):	Name:		Name:
Provisional Offer:	£.....		

Foreword to the first edition:

Setting up your dream practice can be a very stressful and daunting experience, but why?

As dentist we are taught to carry out every task step by step in a logical manner, which will achieve excellent results consistently. The 'step by step' approach is, in fact, used in many other industries.

If by education we dentists are trained to follow instructions to achieve reliable results, why not have a tool that can be used in a similar way to buy your dream dental practice?

The Fire Ant Assessment Booklet is a result of a fascinating journey that was started by us; two young dentists who wished to succeed in the business of dentistry but had 'no clue' where to start.

We are trying to remove some burden from your shoulders by enabling you to have a systematic approach when looking for your dream practice. More importantly we would like to enable you to replicate this experience in the future in a consistent manner.

In other words:

'Give a man a fish, and you feed him for a day; show him how to catch fish, and you feed him for a lifetime'

Please keep sending us feedback to help us improve future editions.

Happy Fishing,

Saeid Haghri & Sundeep Rooprai

Acknowledgements

We would like to thank the following for their time and expertise; James Goolnik, Seema Sharma, Nigel Jones, Tif Qureshi, Harry Singh, Jan Einfeldt, Avik Dandapat, Nish Suchak, Ian Duthie & Bob Khanna.

Without the help of these great individuals this assessment could not have been created. This tool is a wealth of amalgamated information that has been gathered from individuals with different backgrounds all of whom are involved in the selling and buying of dental practices in the UK. This guide is created by dentists for dentists. We welcome the feedback that you can submit to us through our website www.fireantassessment.com and it will be taken into consideration in future editions.

Contents

Introduction:

Primary offer	1
Foreword	2
Disclaimer	3
User Guide	4
Practice Overview	5

Assessment Categories:

F1 – Location	6
F2 - Financial	6
F3 - Property	6
F4 - Building, fixtures and fittings	7
F5 - Growth opportunities	8
F6 - Patient Analysis	9
F7 - Staff Analysis	10
F8 - Miscellaneous	11

Disclaimer

This disclaimer governs the use of FAA assessment. By using this assessment you accept this disclaimer in full.

You must not rely on the information in this assessment as an alternative to legal, medical, financial, taxation, accountancy or any other advice relevant to the buying and selling of a dental practice. If you have any specific questions about any legal, medical, financial, taxation, accountancy or any other relevant advice to buying and selling of a dental practice you should consult an appropriately qualified professional.

Without prejudice to the generality of the foregoing assessment, we do not represent, warrant, undertake or guarantee that the use of this assessment will lead to any particular outcome or result.

We will not be liable to you in respect of any business loss, including without limitation loss of or damage to profits, income, revenue, use, production, anticipated savings, business, contracts, commercial opportunities or goodwill.

We ask you to keep private any confidential information received and we will not be held responsible for the disclosure of any confidential information through this assessment.

User Guide

Prior to your visit:

- Request/check the following prior to visit:
 - CQC report (available on the CQC website)
 - For NHS practice: The End of Year report.
 - Surveyor's report
 - Past 3 years accounts
- Look on Google maps and familiarize yourself with the area
- Read the practice prospectus and accounts and fill out the relevant FAA sections



At the time of the visit:

The buyer will be shown around the practice ensuring all areas are seen! Avoid asking/answering many questions at this stage as the questions will be covered extensively during the assessment questions later on this booklet.



The buyer and vendor can now sit down and carry out the FAA which should not take more than 20 minutes.



Each section of the booklet should be answered, noting any information that is unavailable at the time so that it may be requested later.



Congratulations you have now completed your FAA!

You can review your assessment and see if the practice falls within your selection criteria. If that is so you can enter a primary offer that you would be willing to make on the first page of the assessment.



You can present the assessment to your bank manager, solicitor and accountant to demonstrate your initial due diligence. From our experience the usage of this tool will increase your financial credibility and has been found to be extremely useful when presenting information to other professionals.

To ensure the smooth running of your viewing you can ask the agency to forward the FAA to the seller so that they are aware of what questions may be asked. This will also enable the seller to gather information relevant to the purchase, which will help them in the selling process.

Practice Overview

Practice Name	
Address	
Telephone number	
Email Address	
Website address	

Asking Price		
Good will		
Fixture and fittings		
Most recent income	NHS	£.....
	Private	£.....
	Payment Plan	£.....
	Other	£.....
Freehold	£.....	
Leasehold	£.....	
Years Established	.....Years	
Reason for Sale		

Surgery Hours:	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday

F1 - Location

Post Code	.....		.....
www.uklocalarea.com (Insert postcode)	Affluent/Average/Deprived (circle)		.....
What is the local supermarket? .....			.....
Are there nearby corporate businesses?	Yes	No	.....
Does the practice have good transport links?	Yes	No	.....
Is there a nearby residential area?	Yes	No	.....
Is there competition nearby?	Yes*	No	.....
* Insert below: (i.e. number, NHS/Private, types of treatment offered that you don't, years established)			.....
.....		
.....		

F2 - Financial

Net profit / Turnover x 100 = (Insert result opposite for three most recent years)	20.....	£ (.....) / (.....)x100 =..... %	.....
	20.....	£ (.....) / (.....)x100 =..... %	.....
	20.....	£ (.....) / (.....)x100 =..... %	.....
EBITDA/Turnover x 100 = (Latest year income available)	20.....	£.....	.....
NHS income/Turnover x 100= (Latest year income available)	20.....	£ (.....) / (.....)x100 =..... %	.....
Private income/Turnover x100= (Latest year income available)	20.....	£ (.....) / (.....)x100 =..... %	.....
Plan income/Turnover x100= (Latest year income available)	20.....	£ (.....) / (.....)x100 =..... %	.....
Copy of last 3 year accounts available?	Yes	No	.....
Have the accounts been audited?	Yes	No	.....
Is the practice associate lead? (If principal lead tick no)	Yes	No	.....
What percentage of turnover does the principal make?	£.....		.....

F3 - Property

Freehold	Date of the last valuation	...../...../.....		.....
	Total square footage of premises	.....sqft		.....
	Average rental cost per square foot in the area (local property agency can provide this information)	£.....		.....
	Car park allowance (Number of parking spaces x £3846 =)	£.....		.....
	Freehold speculation calculation [(Average rental cost per sq ft x total sq ft of premises) x 100 / 6.5] + Car park allowance =	£.....		.....
	Has a professional surveyor valued the premises?	Yes	No	.....
Is there a residential flat included?	Yes	No	.....

Leasehold	Year lease expire:	20.....		.....
	Leasehold speculation calculation <i>(Average rental cost per sq ft x total sq ft of premises) + (Number of parking spaces x £250) =</i>	£.....		.....
	Does the vendor own the freehold?	Yes	No	.....
	Is there a possibility of freehold purchase in the future?	Yes	No	.....
	Is there a fully repairing and insuring clause?	Yes	No	.....
	Do Landlord and Tenants Act apply?	Yes	No	.....
	Is there to be a transference of lease?	Yes	No	.....
	Is there a security of tenure included?	Yes	No	.....
	Is the lessor liable for building insurance?	Yes	No	.....
	Does the landlord impose any alteration controls?	Yes*	No	.....
	* Insert (signage, external, structural):			
	Is there a service charge?	Yes*	No	.....
	*Insert:			
	Is there a break clause?	Yes*	No	.....
	*Insert:			
	Are there any dilapidations on the property?	Yes*	No	.....
	* Insert:			
	How often are the rent reviews?	Every .....years		.....
	Upward only	Yes	No	.....

F4 - Building, fixtures and fittings

Number of floors	.....		.....
Total number of surgeries	.....		.....
Is there disabled access?	Yes	No	.....
Are the x-rays digital?	Yes	No	.....
Is there a staff room?	Yes	No	.....
Is there a kitchen?	Yes	No	.....
Is there a separate staff toilet?	Yes	No	.....
Is there a DPT room?	Yes	No	.....
Is there a dedicated car park?	Yes	No	.....
Is this a listed building? (If yes insert grade opposite, I - II or III) Grade:	Yes	No	.....
Is there a burglar alarm?	Yes	No	.....
Is there an onsite laboratory?	Yes	No	.....
Is there an office space?	Yes	No	.....
Is there a backup suction unit?	Yes	No	.....
Is there a backup compressor?	Yes	No	.....
Is there a decontamination room?	Yes	No	.....
Has the practice passed its CQC inspection?	Yes*	No*	.....
*If YES insert date: / *If NO insert reason:			
Are all fixtures and fittings included?	Yes	No*	.....

*Insert excluded items:		
Is all equipment fully owned?	Yes	No*
*Insert items on finance/lease:		
Are all chair units fully serviced and maintained?	Yes	No
*Insert last serviced year:		
How old are the chair units?		
Chair1:.....Years	Chair2:.....Years	Chair3:.....Years
Chair4:.....Years	Chair5:.....Years	Chair6:.....Years
Chair7:.....Years	Chair8:.....Years	
Are there any rooms that have been fitted ready for surgery set up?	Yes*	No
*Insert details:		

F5 - Growth opportunities

Is there an emergency dental service in the area?	Yes	No
Is there a stock control system in place?	Yes	No
Does the surgery offer late or early appointments?	Yes	No
Does the principal work at the practice? <i>insert number of days.....</i>	Yes	No
What types of treatments does principal provide?		
<input type="checkbox"/> Endo <input type="checkbox"/> Perio <input type="checkbox"/> Oral surgery <input type="checkbox"/> Implants <input type="checkbox"/> Cosmetic <input type="checkbox"/> Short Ortho <input type="checkbox"/> Facial Aesthetics <input type="checkbox"/> Specialist <input type="checkbox"/> Ortho <input type="checkbox"/> Other.....		
Are all surgeries fully utilised?	Yes	No*
*How many empty sessions?		
Is the surgery open on weekends?	Yes	No*
*Insert details (is there demand for opening on weekends? If yes why not open currently?):		
Are there any treatments referred out?	Yes*	No
*Insert details (i.e. types of treatments and number of patients referred per month):		
Has the price list been updated recently? <i>Insert date.....</i>	Yes*	No
*Insert details (% change):		
Does the practice receive any referrals?	Yes*	No
*Insert details:		
Are there any visiting specialists to the practice?	Yes*	No
<input type="checkbox"/> Endo <input type="checkbox"/> Perio <input type="checkbox"/> Oral surgery <input type="checkbox"/> Implants <input type="checkbox"/> Pros <input type="checkbox"/> Ortho		
Can any new services be introduced to the practice?	Yes*	No
*Insert details:		
What forms of marketing are used? <i>Tick</i>		

<input type="checkbox"/> Business Cards	<input type="checkbox"/> Search Engine	<input type="checkbox"/> Group Emails	<input type="checkbox"/> Internal Adverts	<input type="checkbox"/> TV/Radio	<input type="checkbox"/> Local Newspaper		
<input type="checkbox"/> Youtube/Video	<input type="checkbox"/> Testimonials	<input type="checkbox"/> Leaflets	<input type="checkbox"/> Social Media	<input type="checkbox"/> Other			
Are there any nearby private property development plans?						Yes*	No
*Insert details:							
In the vendor's opinion what could be improved?							

F6 - Patient analysis

NHS	Are there any extra UDAs available on request?	Yes	No	
	What is the UDA value?	£..... per UDA		
	Is the UDA contract over or under performed? (circle)	Under	Over	
	Whose name is the NHS contract in?	.....	
	What is the total number of UDAs available?	.....UDAs		
	What is the percentage of exempt patients?%		
	PDS or GDS contract? (tick)	PDS	GDS	
Private	Number of private patients in the past 12 months?	.....	
	Number of private patients in total?	.....	
	Percentage of patients on maintenance plans?%		
	Number of new plan patients last month?	.....	
Other	Percentage of patients failed to attend past month?%		
	Percentage of un-booked surgery time past month?%		
	How long is the waiting-time for new patients?	.....weeks		
	Number of new patients in the past month?	.....	
	Number of recall patients currently active?	.....	
	What is the percentage of recall patients?%		
	What are the local population demographics?	.....	
	Who is the target market?	.....	

F7 – Staff Analysis

Employee	Years in Service	Pay (£)	Number of days worked	Notes
Nurse 1				
Nurse 2				
Nurse 3				
Nurse 4				
Nurse 5				
Nurse 6				
Receptionist				
Receptionist 2				
Practice Manager				
Hygienist				
Hygienist 2				
Associate 1				
Associate 2				
Associate 3				
Associate 4				
Associate 5				
Associate 6				
Specialists				
.....				
.....				

F8 – Miscellaneous

How long has the practice been on the market?	.....Months	.....
Have there been any concrete previous offers?	Yes No	.....
Is the practice computerised? <i>Insert name.....</i>	Yes No	.....
Is there existing practice management software? <i>Insert name.....</i>	Yes No	.....
Does the principal (if applicable) plan to stay after the purchase?	Yes No	.....
Would the staff members stay post sale?	Yes No	.....
Do any of the family members work at the practice?	Yes No	.....
Do staff know the practice is for sale?	Yes No	.....
Do you own any other dental practices?	Yes* No	.....
<i>*Insert details below (location of other practice, number of years established)</i>		.....
.....	
.....	
Has there been an offer from the current associates?	Yes* No*	.....
<i>*Please elaborate:</i>		.....
.....	
.....	
How many previous owners have owned the practice?		.....
How long has the vendor owned the practice?	.....Years	.....
Number of complaints in the past 12 months?		.....
Are there any business rates payable? <i>Private only</i>	Yes* No	.....

*Insert details: (£) ..... .....			..... ..... .....
Do you have any post sale wishes?	Yes*	No	..........
*Insert details: ..... .....			..... ..... .....
Which solicitor are you intending on using for sale process? Insert details: ..... .....			..... ..... .....
How is the practice owned? Sole trader <input type="checkbox"/> Ltd company <input type="checkbox"/> Partnership <input type="checkbox"/> (If a ltd company does the vendor propose a share or asset sale?) .....			..... ..... .....

Further Questions

Q.
A.
Q.
A.
Q.
A.
Q.
A.
Q.
A.
Q.
A.