

# What is the perfect practice?

## One man's pill is another man's poison

**It might be easier to ask, how long is a piece of string, rather than ask what is the perfect practice!**

However, like the proverbial string, the perfect practice exists somewhere and it can be achieved - just ask the winners of the *Dentistry Awards* or *Private Dentistry's* dental practice of the year.

The perfect practice is a collaboration of many different features, some tangible and some ethereal.

Let me paint two scenarios. To some, the perfect practice is a small one-man and a nurse team: they are married and work three days a week ploughing through UDAs and spend leisure time indulging in hobbies. Income is low and work/leisure balance is strong. Scenario two involves a large private practice with 15 staff, a multi-million pound refit. Referral specialists all over the place with a Richard Mitzman smoked glass office for the practice principal. It grosses a large income and everyone works very hard, and the bank owns almost everything.

There are other scenarios and we could spend days developing the most popular frameworks for UK general dental

practice. Both parties can argue that they enjoy the perfect practice. But my point is this: one man's pill is another man's poison. The perfect practice is individual to the practitioner.

But there are trends. Most dentists love gadgets, Porsches and the fine detail in contracts! So when I visit practices, I always try to find the Porsche 911 and of course the gadgets.

So keeping on the theme of trends, it is fair to assume a large cohort of dentists are in or are converting to private practice. These dentists know patients (also creatures of habit and trend) expect to see value for money in the surgery - not from the quality of the shaping of the composite fillings, but from what they can quantify: the fixtures and fitting, ambience, décor and general newness.

Practices must survive on the high street (in terms of appearance and patient experience) alongside all the other traders, hairdressers, hi-fi shops, the gym and so on.

At this point we can generalise by saying that the perfect practice is one containing of gadgets, practice fixtures and fittings, newness, and of contributing to a positive patient experience, whether it be visually or financially.

In this special feature for *Dentistry* magazine you will find key information about products and services all specially commissioned to be of value to the progressive practice that is private or converting or considering converting.

I hope you enjoy this 21-page dedicated focus to the finer things in dentistry.

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## Choosing the right finance deal



Selecting the correct equipment is one of the most difficult decisions that a practitioner can make, in today's market there are so many options, and so many considerations, will it be the right equipment? will it be reliable and will it be cost effective?. In order to assess the equipments cost effectiveness it is important for you to consider several things; the cost of the equipment, the benefits it will bring to the practice and possible extra revenue it will generate or the savings it will enable you to make. Finally the factor as important as the choice of the equipment, the most efficient way to fund the equipments acquisition, to put it simply 'the right way to finance it'.

There are so many different options available to choose, so it is important for you to choose what is best for you. Choosing the right option is not always clear, so

it is very important that you seek advice that helps you & your business. The easiest option generally appears to be 'the bank', but rarely do loans work hard for you. Seek independent advice from specialists in dental finance and find an option that satisfies cash flow and accelerates tax relief.

By using the correct facility you will gain several major benefits. Firstly, you will preserve your hard earned capital, capital which takes a considerable amount of time to amass but once gone is difficult to replace. It also makes sense to pay for your investment from the revenue stream it is being used in. By taking advantage of the considerable tax benefits that you can obtain by financing you can reduce your tax bills year on year and therefore improve your balance sheet in terms of both net worth and liquidity.

These are considerable benefits as you increase the value of your business.

It is possible to choose one of several funding options; the most common options are lease purchase or hire purchase, which works in a manner similar to hire purchase for a car. However, for dental equipment the most universally popular method of financing is leasing.

This is a way of using the equipment by renting it on a lease. The full rental amount including Vat is fully deductible against taxable profits at the highest rate at which you pay tax. Geoff Long one of the countries leading specialist dental accountants says 'leasing equipment exploits maximum tax deductions'

Even with a lease there are several important factors to consider. Terms are available from any period, from

12 months to 84, allowing you to choose a term that suits your budget. It is possible to structure a deal which can defer your repayments for three or six months, or to choose lower payments for the first 12 months or any period which can increase over the remaining term of the agreement. A very important point to remember is that with a lease, unlike a bank loan or overdraft facility the rate is fixed, so that payments are unaffected by increases in the interest rates, allowing you to budget for equipment purchases with the certainty that the repayments will not change with any increase in bank base rates.

### Leasing?

One of the most common questions asked with regards to leases is what happens to equipment at the end of the

term? It is important to establish before the outset of the agreement. It should be possible to obtain title to the equipment for a one off payment, allowing you to own the equipment but not affecting the tax relief that you have accrued.

Please be aware that unlike Performance Finance many lenders do not transfer ownership of the equipment automatically at the end of the agreement. Some ask for

a 'secondary' rental, equal to the monthly repayment, which must be paid before a 'purchase payment option' is offered. You are therefore paying twice to own the equipment.

By selecting the right equipment and the best finance you can enhance both your practice and your business. Do not be afraid to ask the important questions, a good adviser should be delighted to answer them.



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