





Employed Practitioners Conference

Patrick Myers BSc MCIM
Myers La Roche



Employed Practitioners Conference

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Background to the Market
Opinions of Owner Managers
To Buy or Set Up?
Practice Sales Statistics



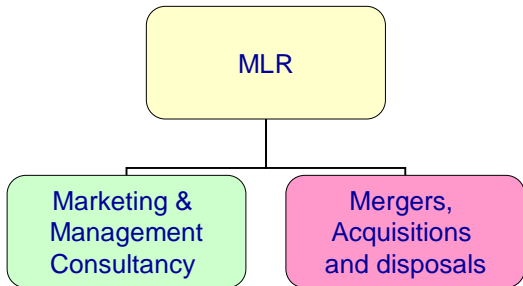
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Established 1985
Based in Altrincham, Cheshire
Operates in UK & Ireland
9 Fee Earners
21 Strategic Partners



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Consultancy

Established Businesses
Marketing Audits
Market Research
Optic2000 Club
Price Policies
Practice Health Checks
Training
Satisfaction Surveys
Strategic Plans
Advertising & Promotions
Expert Witness

Individuals
Location Validation
Business Plans
Seminars & Lectures



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Practice Sales

Established Businesses

Practice Sales
Disposals
Mergers
Due Diligence
Stocktaking

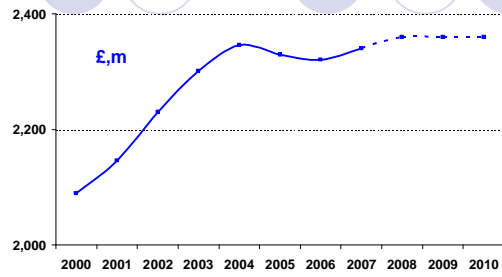
Individuals

Gold Club



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Market Growth

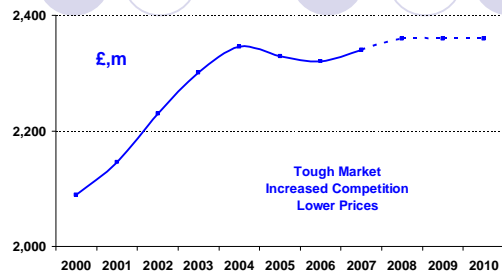


Source: MLR



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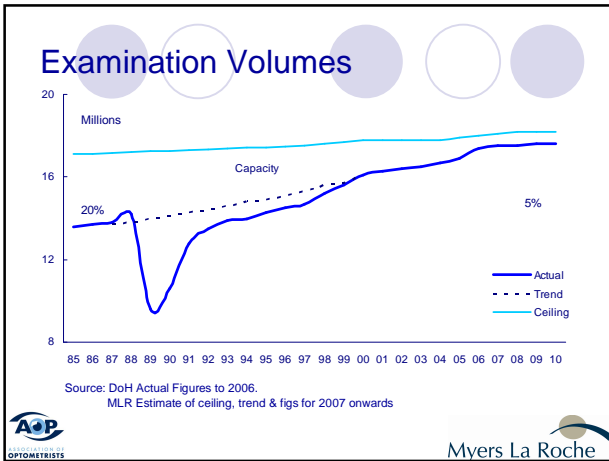
Market Growth

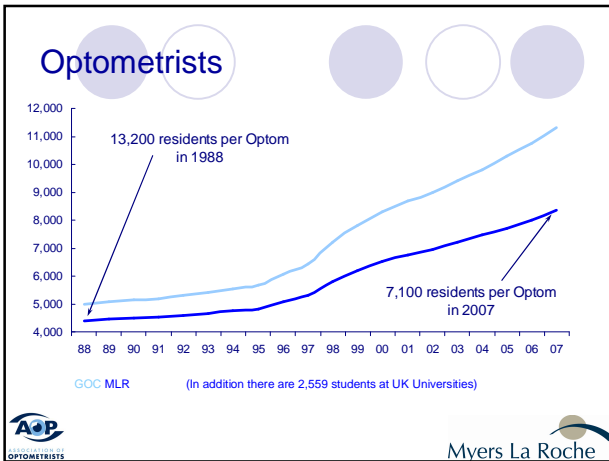


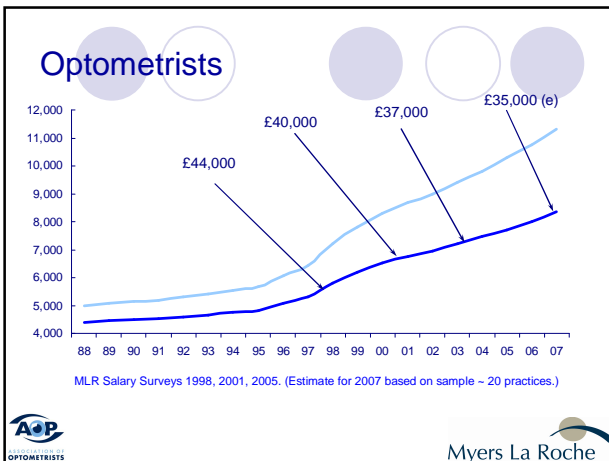
Tough Market
Increased Competition
Lower Prices



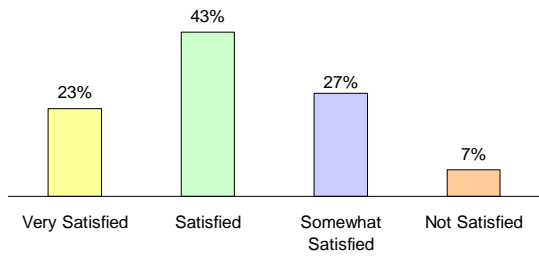
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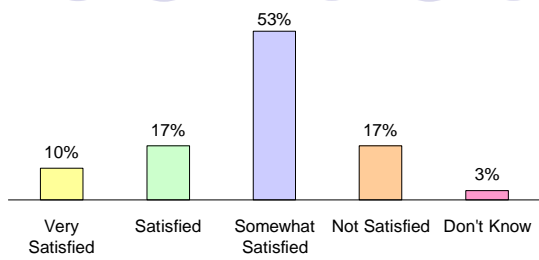


Personal Fulfilment



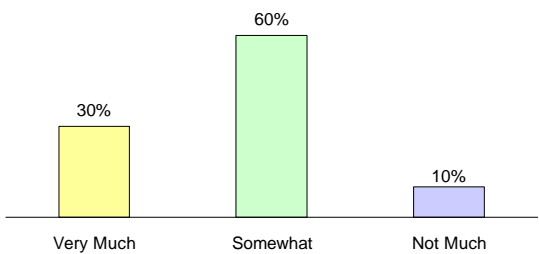
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Happy with Income



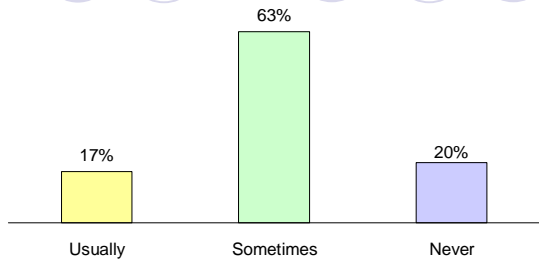
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Enjoy Marketing & Management



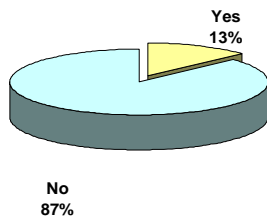
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Written Objectives and Goals



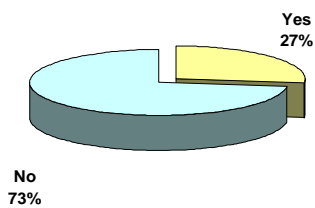
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Written Practice Budget



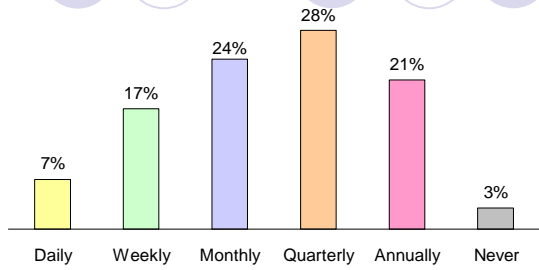
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Written Sales Target



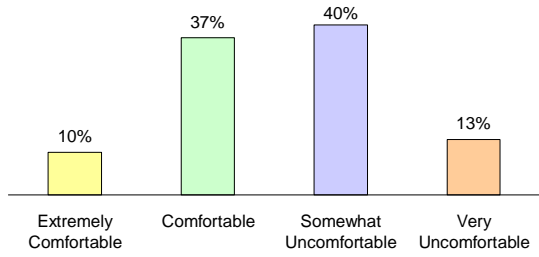
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Refer to Management Accounts



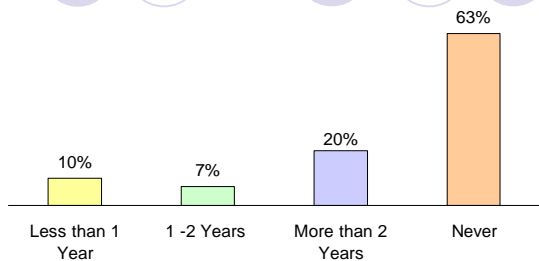
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Comfortable with Finance & Accounts



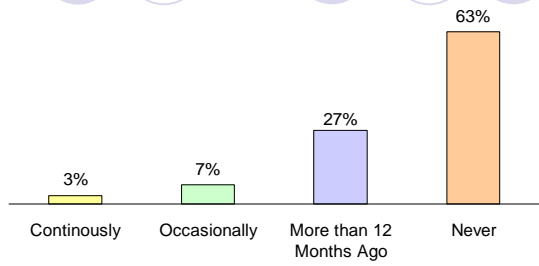
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Worked with Optical Consultant



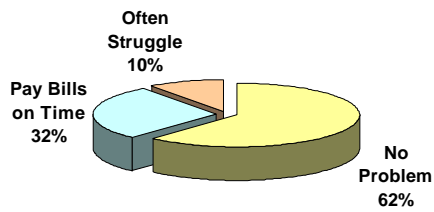
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Asked about Px Satisfaction



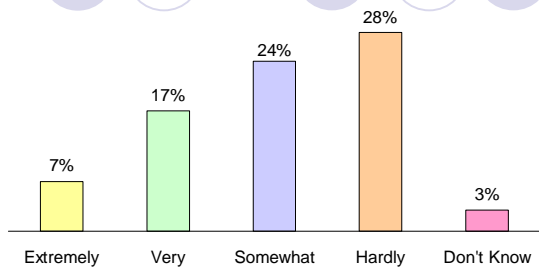
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Cash Flow



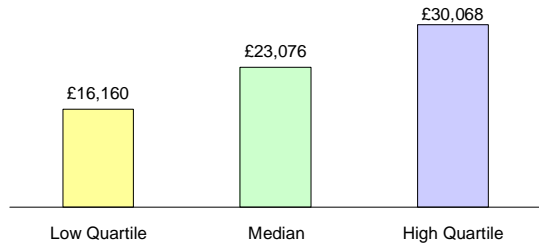
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Competitive Threat



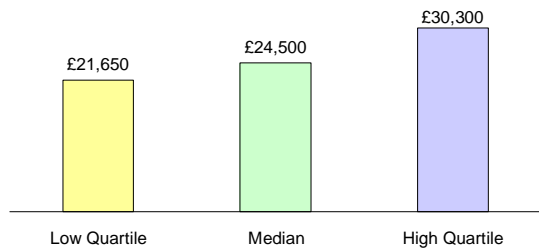
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Pay for Practice Managers August 2007



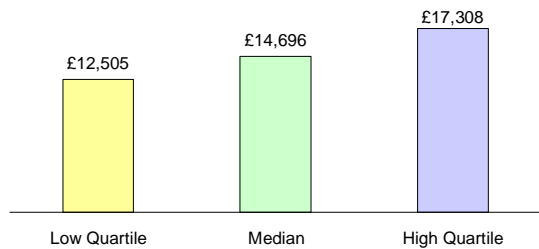
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Pay for Dispensing Opticians August 2007



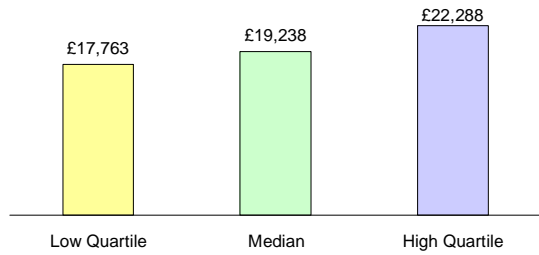
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Pay for Optical Assistants August 2007



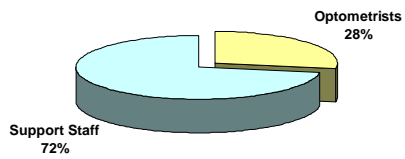
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Pay for Glazing Technicians August 2007



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Support Staff Ratio



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Starting a Practice from Scratch

- | | |
|----------------|-------------|
| Pros: | Cons |
| Your location | No history |
| Your premises | Big outlay |
| Your style | No Px |
| Your equipment | |
| Your people | |
| Your stock | |
| No baggage | |



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Buying a Practice

Pros:

Goodwill

Location

Premises

Systems

Equipment

Stock

Hit Ground Running

Cons

Compromises

Additional costs



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Typical Costs ~ £250,000 Practice

Buying an Existing Practice ~ Day One (6,000 Px)

Capital Cost:	£150,000
Stock at Valuation:	£25,000
Fees	<u>£5,000</u>
	£180,000



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Typical Costs ~ £250,000 Practice

Setting Up from Scratch ~ Day One (No Px)

Alterations and Refit:	£40,000
Optometric Equipments:	£20,000
Practice Computer System:	£12,000
Training & Recruitment:	£4,000
Stock at Valuation:	£25,000
Fees	<u>£9,000</u>
	£110,00



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Typical Costs ~ £250,000 Practice

Setting Up Years 1-3		Purchase Years 1-3	
Capital Cost	£110,000	Capital Cost	£180,000
Promotion Yr1	£50,000	Promotion Yr1	£12,000
Promotion Yr2	£40,000	Promotion Yr2	£14,000
Promotion Yr3	<u>£25,000</u>	Promotion Yr3	<u>£16,000</u>
	£225,000		£220,000



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Typical Incomes ~ £250,000 Practice

Setting Up Years 1-3		Purchase Years 1-3	
Net Profit Yr1	£20,000	Net Profit Yr1	£75,000
Net Profit Yr2	£50,000	Net Profit Yr2	£75,000
Net Profit Yr3	<u>£75,000</u>	Net Profit Yr3	<u>£75,000</u>
Total NP	£145,000	Total NP	£225,000
Avg	£48,333	Avg	£75,000



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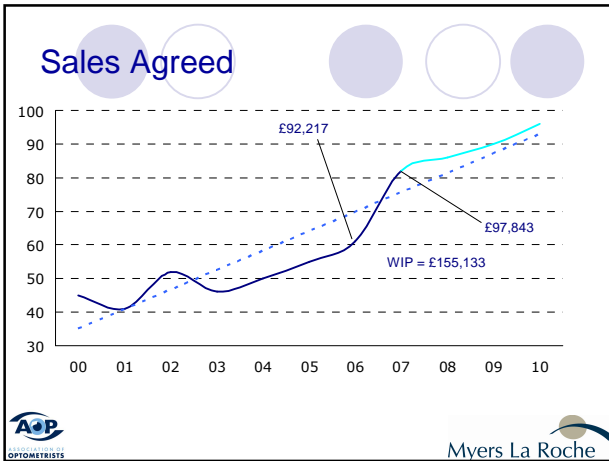
Practice Transfer Statistics

The following data is based on information within the Practice Sales department at Myers La Roche.

The data was collected on 12 September 2007 and some of the information is commercially sensitive.



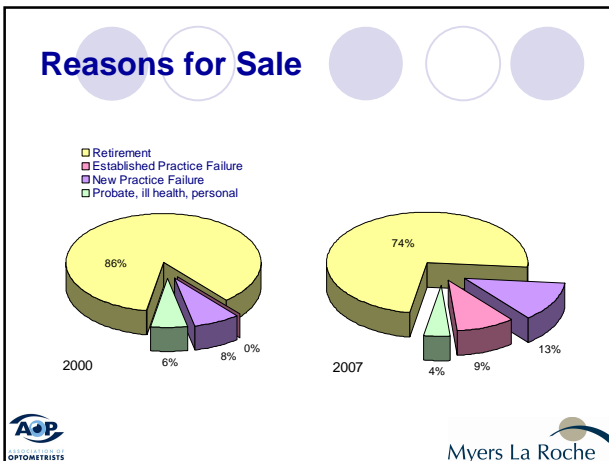
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Timescales

	Min	Max	Average
Agree sale	1 days	3 years	10 weeks
Complete Leasehold	8 weeks	5 years	16 weeks
Complete Freehold	3 weeks	22 weeks	14 weeks

A&P OPTOMETRISTS Myers La Roche



Demand

London	648	22%
South East	521	18%
West Midlands	447	15%
East Midlands	355	12%
North West	352	12%
South West	221	7%
Northern Ireland	103	3%
East Anglia	94	3%
Ireland	90	3%
North East	88	2%
Scotland	56	1%
Wales	49	1%
	2924	100%

Source: MLR October 2007



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Availability

Practice completed in last 12 months	73
Sales agreed awaiting completion	16
Fully available & on market	39
Vendor enquires outstanding	192
Average conversion / instruction rate	41%
Weeks to convert instruction	28
Average post offer fall through rate	12%

MLR October 2007



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Why sales fall through

- Problems with lease / dilapidations
- Personality clash / lack of trust
- Franchise conversions oversold
- Second thoughts after a cooling off period
- Lack of progress with sale
- Inability to raise finance
- Change of personal circumstances
- Business fails prior to completion



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Streamlining the Transaction

- Choose your lender carefully
- Choose your accountant very carefully
- Choose your solicitor very, very carefully
- Clear Heads of Agreement
- Maintain absolute confidentiality
- Maintain direct communications with vendor
- Reply to enquiries quickly
- Be proactive with advisors
- Carryout due diligence
- Maintain flexibility as events unfold



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Price Guide

- Goodwill ~ is the name included?
- Benefit of leasehold
- Fixtures
- Fittings
- Equipments

Stock is agreed at completion



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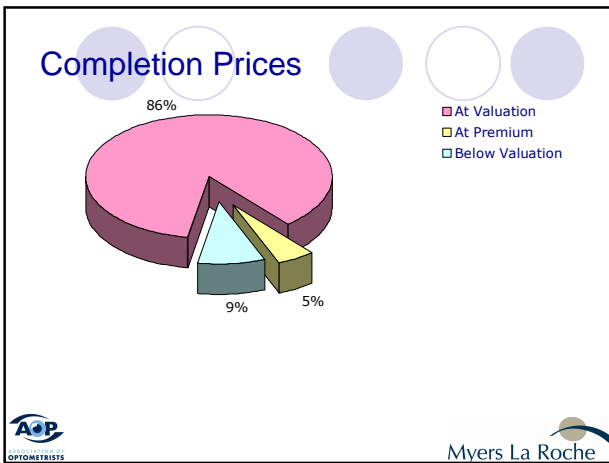
Price Guide ~ £250,000 Practice

Half turnover	£125,000
Half gross profit	£90,000
Double net profit	£150,000
Overhead cost	£105,000

These guesses are all unreliable.
Have the practice professionally valued



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Supply & Demand

	Practice A	Practice B
Turnover	£125,000	£621,000
Examinations	1,320	4,780
Gross profit	£87,000	£485,000
Viewings	18	1
Offers	7	1
Completion Price	£132,000	£1

Source: MLR June 2005

- ### Selling above Asking Price
- Sales and profits increasing
 - Large number GOC registrants living in area
 - Large conurbation
 - Prominent position
 - Good presentation & building in good repair
 - Freehold available
 - Up-to-date equipment (not necessarily new)
 - Evidence of Px retention
 - High level of competition
-

Selling below asking price

- Previous attempts to sell privately
- Static or declining sales
- Poor presentation
- Lack of trust
- Restrictions from landlords
- Secondary or tertiary location
- Purchasers need to relocate



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Buyer Profiles

- 92% individuals
- 96% optometrists or opticians
- 68% male, although this is a downward trend
- Typically aged 28 – 45
- 65% British Asian
- 85% married with children
- 32% have supervisory experience
- <2% have management / marketing training



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