

A view from the bodies corporate.

1. Associated Dental Practices Ltd

F. Stuart-Wilson

Anyone thinking that becoming a dental director is an easy option compared with clinical dentistry, would do well to consider Jitesh Patel's week. Dr Patel, Operations Director of Associated Dental Practices Ltd (ADP) works a six day week, two of which are clinical days. **Fiona Stuart-Wilson** meets him in his surgery in one the practices owned by ADP in Morden, South London. It is easy to find, with clear and unmistakeable signage, close to the tube and other local shops.

Jitesh Patel comes across as a relaxed and confident businessman, even sitting in a dental surgery. Interestingly he is not the only director of a body corporate that I meet who still 'keeps his hand in' by practising dentistry. Jitesh is the only dental director of ADP; the other directors have what he terms 'a finance background'. He was one of two partners who established a practice in 1986 in Tooting, South London. By 1997, they had grown to six practices and 'we found ourselves at a crossroads. The partners had a meeting and decided that we could expand, consolidate or stay stagnant. We opted for expansion.' The partners decided to buy a corporate shell and initially transferred one surgery into the body corporate.

'We decided on an acquisition policy to grow the business, and we now have

26 practices and are continuing to expand.' The majority of their practices are in Surrey and South London, but recently, ADP practices have appeared in Hampshire and Wiltshire. Venture capital was accessed earlier this year to fund further expansion. I ask Jitesh why he and his partners had originally decided on the bodies corporate route. Was it to enable them to raise business funds more easily?

'It was a collective decision – we had surplus cash to invest. We certainly didn't envisage expansion at the rate it happened.' But expansion has been rapid and Jitesh Patel gives the impression that it has also been successful. I also sense that, like a number of the other corporates, there is no shortage of practices seeking to sell to a corporate buyer – and perhaps seeing this as an easy option.

I ask what ADP looks for in a practice they are considering acquiring. The swift response is a clear list of attributes which Jitesh counts off on his fingers. 'We consider the location' is the first thing that he says; 'We ask does it come with existing management systems and good people? We also look at the mix of NHS and private work being carried out. We consider if there are any expansion opportunities. We look for a minimum of three surgeries and 2.5 full-time equivalent dentists in the practice.' I ask if there is a

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minimum turnover level that ADP looks for. 'Turnover? That's a subjective issue. What we are really looking at is potential rather than existing business'.

A crucial part of that potential is the reasonable and relative ease of recruiting dentists and staff in the area. We return to the area of expectations of dentists selling practices. Jitesh tells me 'We get many approaches from people with what I would describe as problem practices. They might have associate recruitment problems or problems between the partners.' I get a strong sense that these would be highly unattractive propositions to ADP, and this is something that will be repeated when I talk to other corporates acquiring practices. 'Selling to a corporate is not a panacea for the practice's ills – and it is highly unrealistic to

Name: Jitesh Patel
Qualified: London, 1986
Title: Operations Director
Company: Associated Dental Practices Ltd
Established 1997
Head Office; Reigate, Surrey
Number of practices: 26
Clinical profile: 75% NHS
Website address: www.adpco.net

think that they will somehow not notice if there are problems’.

As well as waiting for the phone to ring with eager vendors, seeking out potential practices to acquire can involve a number of different tactics. ‘We have mailshotted practice brokers, but if we get eight practices to look at only two on average might be suitable. We will pick up underperforming practices where there is a potential to make money.’

Despite the flow of practices wishing to be acquired, Jitesh observes that ‘corporate dentistry is still seen with apathy and sometimes fear. When dentists call a corporate they are thinking ‘Will I be talking to a dentist or a finance director?’ When they call us, there is a noticeable change in their attitude. They realise they are talking to a dentist.’ He puts this continued accessibility down partly to his spending two days a week in practice. Jitesh provides a simple appraisal of himself. ‘I’m basically a dentist who grafted. I’m connected to dentistry at a grass roots level – I still practise dentistry. I also work at boardroom level. I’ve learned that there is no particular day allocated to the management of dentistry – problems don’t wait for a particular day that you decide you’re going to solve them. You have to design a system which will allow you to do it. You have to learn’. His comments on learning about business are very similar to another dental director that I will meet later, Chris Potts of Boots.

Jitesh has observed a trend in the type of people wishing to sell their practices. ‘Most dentists don’t have an exit route (from their practices). A lot aged around



Jitesh Patel

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The practice at Caterham.



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40 are looking to sell their practices and see corporates as a good way of doing so. There are a considerable number of people in the market who want to get out. They can capitalise their surgery to a corporate and then work as an associate with the practice.’

He sounds a note of caution, one I am to hear from several other dental directors. ‘The financial expectations of dentists with practices to sell are unrealistic. They expect pound for pound payment of turnover for goodwill. It’s completely unrealistic. They don’t take the corporate’s risk into consideration when trying to work out a price.’

Although the ADP expansion is continuing apace, Jitesh is realistic about how long this can continue. ‘Last year we thought that the market of practices would dry up but it hasn’t. I’ve found that many dentists are selling because of the lack of competent dentists to recruit.’ Again he returns to the issue of choosing practices in areas where there is less of a recruitment issue. ‘We wouldn’t buy a practice in a village – it’s a choice of a large town really.’ He continues ‘It’s a 180 degree shift in thinking – putting a practice where there is consumer demand. We are very much focused on accessible and convenient location. In fact we are moving into prem-

ises within primary health care centres. Those do well.’

If dentists selling practices are unrealistic about the price that can be achieved, in Jitesh Patel’s view, they can also be resistant to change after the practice has been acquired. When ADP acquires a practice, (although they have also established six squats), they have a preferred method of operation. ‘We prefer to retain the principal. However, there is still lots of resistance from the principal to the changes we make. Interestingly though, the changes we make in practices have gone down well with staff. Things like clinical governance and computerisation, the dentists have been less easy to deal with than staff over these issues.’

Things are getting easier though as ADP gets better known. ‘It’s easier to make changes when you have a degree of history. Our formula works well in a lot of practices, and it’s flexible enough that we can change it to suit local need. The practice fascia is the same, the system is the same.’

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We go on to discuss changes in the profession in a wider context. In Jitesh Patel’s view one of the greatest challenges to the profession is apathy – something he has mentioned earlier in our discussion. ‘It’s the fundamental problem in the profession. People are afraid to change.’ He sees however, the profession entering a great period of change encompassing many aspects of its practice.

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He describes dentistry in the future as ‘a blue-chip profession which will give you a decent standard of living. However, the days of high salaries are gone. The GDS will, I think, continue for a few more years. The government’s playing a game of poker – they want fee-paying patients to go private but they also want to police the profession.’

He believes that the corporates would be well positioned to take advantage of PDS schemes if these came about. ‘The corporates are better placed to deal with accountabilities such as clinical governance because of the management systems they have in place.’

He moves on to an area of considerable concern to many dentists, and not just corporates. The difficulty in recruiting dentists is a major issue. ‘I’d like to think that to redress the serious shortage of dentists we will be taking on professions complementary to dentistry (PCDs). We are currently advertising in six countries for dentists. We have a great cosmopolitan mix, with no adverse comments from patients. We don’t really mind where they are from as long as they can communicate well and are clinically competent.’

Alongside this he sees an ‘opening of barriers to allow in EU dentists to ease the severe shortage.’

The practice at Morden



As I ask all the directors that I meet, I ask him so far as bodies corporate are concerned, what his forecasts are. Within the next five years he predicts consolidation of the market. ‘I think there will be major consolidation of the corporates, with two

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or three large players. I can’t see more than three.’ One of those three is ADP.

However, so far as deregulation to allow more dentists to establish companies is concerned, it is something he sees as a positive move. He observes wryly ‘It wouldn’t surprise me if a group of practice

principals got together to pool resources and act as a company; there would be a clash of egos but it could work if it helps a like-minded group of individuals.’

He goes on to sound a stark warning to existing principals of practices. ‘In five years, principals with practices to sell will not have people other than corporates to buy their practice. New recruits simply don’t want that responsibility. Young people qualifying may choose to work with the corporates for a few years – it’s almost a training ground for young graduates.’

He continues in this vein: ‘The 50% pay structure for associates is not viable.’ He is certainly not the only one of my interview subjects to raise the issue of pay, and proposes a different method as the favoured one in five years.

He begins to warm to a theme which will become a refrain as I interview each of the directors.

‘The pay structure framework is all wrong for dentists. We are looking at 50/50 joint ventures with associates – and are the only corporate that is.’ The major advantage for the corporates of this structure is one of stability. ‘This move stabilises the corporates. A corporate is only as good as its stability. The existing associate system provides all the benefits without any of the responsibilities.’ He cites the Canadian system as an example. ‘Their system is more focused. Students have to buy their own equipment.’ Whilst he does not foresee that happening in the UK, he does urge dentists to be more realistic about the corporates. ‘I come across dentists in their 40s who don’t want management responsibility. But the headaches don’t disappear with corporate dentistry.’

He still sees a future for the non-corporate practice but is pragmatic about what that will look like. ‘The ones that will suc-



Dr Patel keeps his hand in by continuing to work in practice two days a week.



Inside the practice at Epsom

ceed will be the ones with their costs under control, with fewer flashy shop fronts.'

We move on to talk about consumers and consumer demand, and I ask about ADP's branding. Jitesh Patel is honest about its profile. 'There isn't yet a strong identity with the brand. I do believe that the importance of a company is only as good as what it stands for, not the figure-head. But customer expectation will have

a much stronger emphasis in the next five years. Many dentists can't see beyond their four walls. Five years ago I thought that marketing was for other brands, not dentistry. Now it's the number one item on my agenda.'

Marketing is also where Jitesh Patel identifies the corporates will be in a better position than the single practice going it alone. 'Practices don't have the

means to make their practices as customer-friendly as they need to be.'

In his view 'Patients are willing to spend more than they were three years ago and are far better informed. Now we've got to give them every option. Don't impose your thoughts on people. Who are you to do so? We must give ethical options, but we must make sure that we give them options in a professional way. Our signature at ADP is a gentler approach to conversion.'

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Our forecasting session is at an end, but Jitesh is pragmatic about his predictions. 'I think we aspire to high standards' says Jitesh Patel 'but what I say today may be different in a year's time – you learn.' The dentist/director returns one final time to his own growth with the company and considers how much he has learnt about being a director. He concludes 'I learned by doing and watching at meetings with men in pin-striped suits. I watched how others fail.'

List of Dental Bodies Corporate 2002*

ADP Dental Company Ltd
 Boodles Ltd
 Boots Dentalcare Ltd
 Bridge Dental Surgeries Ltd
 Community Dental Centres Ltd
 Dencare Management Ltd
 Dental World Ltd
 Denticare Ltd
 First Dental Ltd
 Forlon (Dental Surgeries) Ltd
 Dr J. D. Hull & Associates Ltd
 Matland Ltd
 M C Dentistry Ltd
 Oakley W E H (Hounslow) Ltd

Oasis Dental Care Ltd
 Ora Dental Group Ltd
 OrthoWorld 2000 Ltd
 Petrie Tucker & Partners Ltd
 Pickering Dental Surgeries Ltd
 Poggo Dental Ltd
 Rodericks Ltd
 Spencer Swain M Ltd
 Sterling Dental Surgeries Ltd
 Stevens J H (Weston) Ltd
 Whitecross Dental Care Ltd
 WW Dental Excellence Ltd
 L Ziman & Associates Ltd

*Data from The Dentists Register 2002