

A view from the bodies corporate.

5. Integrated Dental Holdings plc

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My interview with David Hudaly, Chief Executive of IDH plc took place at their unassuming head office in Bolton. I make the mistake of assuming, like many, that IDH's operations are based mainly in the North. David Hudaly puts me right fairly early on in our interview. In fact IDH is not one, but two bodies corporate now with 146 practices across the UK, and incorporating the Whitecross and Petrie Tucker chains (although some of the Whitecross units have recently been sold). The business structure appears at first sight to be more complex than the other corporates I have encountered in this series; IDH floated in February 2002 and is now a plc.

David Hudaly is a quietly spoken dentist whom I discover does not make predictions about the future of dentistry lightly. In fact his circumspection means that he answers many of my questions with a question or questions himself. Whilst he may not commit himself to a determination of the future, what is clear however, is that he is acutely aware of the factors influencing dentistry and NHS dentistry in particular. During the course of our interview he cites many of the reports current in dentistry as

positive influences. A major theme that runs through the interview is one of equality. Current regulations and payment systems throw up several inequalities which he raises during my discussion with him.

David Hudaly, unlike some of my other interview subjects is not a dental director who practises clinical dentistry now. A graduate of Liverpool and a contemporary of Chris Potts of Boots Wellbeing, he spent 12–13 years in general practice. At that stage in his career he built up a group of practices with partners Richard Lewis and Alan Harris called Dental World and purchased a body corporate. The chain grew to 11 practices in the north west of England, but a major career and life change beckoned, and David Hudaly emigrated to Israel in 1993. This involved re-qualifying there as a dentist.

However, by 1996 he and his family were back in the UK, although he had already made the decision that he 'didn't want to come back as a wet-fingered den-



David Hudaly

tist'. At this stage, two businessmen enter the picture: Matthew Allen (now the Chairman of the board of IDH) and Luke Johnson from the City (now non-executive director of IDH), and with this management team things progressed rapidly. David

Name: David Hudaly
Qualified: 1979 Liverpool
Title: Chief Executive
Company: Integrated Dental Holdings plc
Established: 1996
Head Office: Bolton
Number of practices: 146
Clinical profile: NHS and private
Website address:
www.integrateddental.co.uk



David Hudaly with Andy Morris (Finance Director) and Amanda Palmer (Operations Director)

Hudaly established IDH in June 1996 with three practices that he had retained from his days as a UK dentist. Shortly afterwards he acquired the Petrie Tucker body corporate, and the operation grew faster than any other corporate: from three to 100 practices in three years.

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Whitecross was acquired in 2000. 'We wanted to acquire Whitecross for its brand and the position.' I mention that I recall that it was a fairly high profile acquisition at the time, and David Hudaly observes, 'We don't get much feedback from the profession. There seem to be a lot of misconceptions' and mentions the fact that many people think that IDH practices are mostly based in the north of England and is almost purely NHS, 'We have had mostly NHS practices up to now, and we owned four corporate bodies at various stages.'

He mentions that his time in Israel helped him to develop a different perspective about NHS dentistry. 'The NHS gives security to a dentist. The NHS is a brand; it may need modernising but the population trusts it.'

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I ask how many practices IDH operates now and there is some hesitation before he answers. 'It's in the region of 140 but we're still growing – and we are UK wide.' I ask about branding and if there is a strong corporate image. 'Petrie Tucker is unbranded, and we won't brand what is currently unbranded. There's a standard theme to refurbishment, but no full-blown branding, however, Whitecross is branded and on the high street.'

He explains that IDH grows by acquisition of existing practices, and by now the formula is well-defined. The targets are

general practices 'maybe with some specialisation. What we look for are two types of practice. First, stand-alone practices with two or three dentists in them, and secondly we also acquire single-handed practices to look at a merger. We want a large stable patient base, with normally a £350,000 to £400,000 turnover.'

'There's no shortage of acquisition targets. It hasn't increased greatly but there is a steady stream of willing sellers.'

As with many of my interview subjects finding practices willing to sell to a corporate is not difficult. 'There's no shortage of acquisition targets. It hasn't increased greatly but there is a steady stream of willing sellers. It varies geographically.' His next words might sound a note of caution to the over-optimistic vendor. 'Goodwill varies dramatically geographically, but patient numbers are very important. Dentists are surprised at the level of due diligence that we carry out.'

We move on to the subject of corporates and deregulation. David Hudaly is clear in his opinion that 'the bodies corporate will deregulate. It's slightly quirky that there are only a few licences – it's an unfair restraint on trade. People have been paying silly money for a shell to raise money, to be able to get shareholders. More people entering the market or entering the sector has to be good for the profession. Practices have been undercapitalised for many years. Corporates bring to the party the correct funding arrangements required.'

He introduces the subject of the recent letter from the General Dental Council concerning the regulation of the bodies



The reception at the Islington Whitecross practice

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corporate, and raises some of the inequalities that he perceives in dealing with them. 'Corporates need regulation but shouldn't be selected to be more regulated than individuals or groups. Why should the regulations be different? The primary responsibility is with the dentist.' I sense a slight impatience with an approach that could be perceived as concentrating too much on the business delivery mechanism rather than the outcome of sound patient care.

He continues, 'Dentistry should be regulated, and there needs to be equality across the rules and regulations. Bodies corporate shouldn't be more regulated, it's still dentists treating patients. IDH is a public company – the shareholders own the company. IDH currently has two body corporates, but what's important is who controls things at the clinical level.'

I ask about customer demands. 'There is consumer pressure on health authorities. There is a higher expectation around customer service. A lot of practices are not in the 21st century – we see them when we go round looking to acquire. Under O4C (Options for Change) for example, practices need to be housed in buildings conducive to dental practice.'

'There aren't enough dentists in the UK and we are importing dentists and still there aren't enough.'



A treatment room at a Whitecross practice.

'The shortage of dentists means that consumer relations are not paramount for a small number of dentists. Most NHS dentists have more people than they can treat. But consumer demand will rise.'

Like many practices, IDH also have recruitment issues, and I ask about PCDs. David Hudaly sees more training facilities for PCDs as a possibility, 'but with the current shortage of nurses and support staff, I don't know.'

'There aren't enough dentists in the UK and we are importing dentists and still there aren't enough. There are no plans to open more dental schools so PCDs are important and their importance will grow. There is a shortage of clinicians. We have advertised recently in South Africa, Sweden and Australia as well as European countries. The UK is under-dentisted, most

other countries are over-dentisted.' David Hudaly points to problems in recruiting dentists from overseas. 'In many cases their degrees aren't accepted. Qualified dentists from South Africa now have to do the International Qualifying Examination (IQE), and there's even a waiting list to take the IQE. We need more places.' He mentions another anomaly, 'It's different for hospitals as opposed to general practice. Some of the rules and regulations need to be changed to make sure that the public interest is looked after but to allow foreign dentists to work here and take the IQE.'

Will the shortage of dentists have a braking effect on growth of bodies corporate?

David Hudaly considers his answer. 'Bodies corporate have 3% of the market. Six years ago I didn't envisage the level of growth that there has been. The sector will continue to grow rapidly. I'm not sure if it'll be the same as the optics sector where 60%

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of the market is corporates.' For David Hudaly, the recent reports including Options for Change have proved interesting reading. 'In looking at the way dentistry is managed from the Department of Health's perspective, O4C went further than I thought.'

The Audit Commission report, the OFT enquiry – there's a drive to move the payments system into the 21st century and get dentists off the drill and fill. If they don't change the remuneration system more dentists will leave the NHS.' I ask him for his opinion on the timeframe of change, but he will not be drawn.

'There is a real sea-change in funding' he observes. 'In terms of timescale I have no idea. Different people say different things. The DoH says it wants the profession to show the way through pilot schemes.' He goes on, 'The Government will move fast – they want to move fast. Possibly there is political pressure? Oh, that's supposition. There's a lot going on behind the scenes.'

David Hudaly clearly views many of the reports circulating through the profession as very important and catalysts for change. He moves on to another report he sees as important. 'The Audit Commission report is a good report and easy to read. It's thought



Whitecross Practice at Pall Mall



Whitecross at Holborn

'Options for Change was more far-reaching than I had expected, and potentially it could change everything.'

through like Options for Change and is not a regurgitation of old stuff. Creative thinking has gone into it. Options for Change was more far-reaching than I had expected, and potentially it could change everything.' When I ask in what ways he responds with more questions. 'Changes to patient registration, co-location? How is it going to happen?'

'I would welcome a change to the system which allows dentists to practise in an environment that they feel comfortable in and to be able to earn what a professional person should be paid without having to do it on a particular number of patients. It should be a quality-driven service, not quantity-driven.' His next words remind me of Julian Perry's comments about the costs of running a practice in different parts of the country.

'Why should a dentist in Kensington be paid the same as one on Bolton? This is an inequality which may be addressed. Do dentists want to be employed? Can they have two remuneration systems like stockbrokers, part salaried, part commission?' O4C represents a fundamental change in mindset. Will it be a slow evolution or a big bang? Probably not a big bang, but I don't know how long it will take for the pilot schemes to be evaluated.

'It should be a quality-driven service, not quantity-driven.'

He looks forward. 'In five years time, bodies corporate will have a bigger percentage of the market. There will be some consolidation of the market. Is there enough work for 8-10 major players? Will healthcare suppliers or supermarkets move into the market? The NHS system will have changed, and won't be based on items of service. The old system of six-monthly check-ups will change and evolve. There will be a need to have the

same number of patients treated within the same annual budget. Dentistry represents only 5% of the whole NHS spend. I think there will be a clearer demarcation between the NHS and the private sector as a result of the OFT report.

'NICE, the OFT report, O4C, the Audit Commission – they are all signs that it's going to change. Whether the profession is ready or not is another matter.'

'The amount of private dentistry has been increasing over the last few years, aided by changes in NHS rules and regulations. If the NHS moves to a "core serv-



The reception at the Whitecross practice, Streatham

ice" (though I don't like the phrase) or takes out items of service, then people will respond accordingly.'

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