DENTAL PRACTICE STARTUP GUIDE AND THE DENTAL OFFICE LEASE

Are you planning to start a dental practice?

Starting a practice should be an enjoyable and thrilling step forward in your career as a dentist. With the right planning, team and methodology in place, opening a new practice can be just that!

With 20 years of experience working with startup dentists, Cirrus has developed a "Practice Startup Guide" to lead you through a painless and stress-free startup, detailing out the necessary steps and building blocks for success.

STEP 1: Create a Business Plan

Begin the practice startup process by creating a business plan, including an outline of your goals and objectives for your new practice. Some items to consider:

- What is your target open date?
- Do you plan to buy or lease the space? Build or renovate?
- What are your plans for long-term and future growth? Are you planning to retire in the next 5-10 years?
- Do you have expansion plans in the future? Do you plan to bring in associates?
- What are your financial objectives? What is your budget for the practice?

STEP 2: Choosing the Right Team

Once you've outlined your business plan, it's time to put a team in place to help make that plan a reality. Contact your local Henry Schein representative for all of your office design, equipment, supply and technology needs. Then reach our to a trusted financial advisor, builder/contractor, CPA and professional dental office lease negotiator.

STEP 3: Site Selection

In addition to selecting a solid startup team, the right location is crucial for the success of any dental practice, with a number of factors to consider in your search, including:

- **Visibility:** How important is a high-visibility location to you vs. low-visibility like a medical building?
- **Neighbors:** Do the demographics of the neighborhood match your target market? Consider neighborhood demographics like age, ethnicity, annual income and marital status when choosing the right location.
- **Local Businesses:** What other businesses are in the neighborhood that will help drive traffic? Are there any competing dental offices in close proximity to the location you're considering?

(See next page for steps 4-6)

NEGOTIATING IMPORTANT LEASE DOCUMENTATION

STEP 4: Review & Negotiate the Offer to Lease or Letter of Intent

Once you've selected the ideal practice location, you will be presented with the Offer to Lease (OTL) or Letter of Intent (LOI) by the landlord, which is essentially the short form of the dental office lease.

These documents outline the key lease terms for the property such as length of term, rental rates, commencement date, options to renew, tenant improvement allowances, deposits, etc. **Work with your professional dental office lease negotiator to ensure that the final document aligns with your practice needs.**

STEP 5: Begin the Preliminary Office Drawings

Once the LOI has been finalized, work with your dental supply partners at Henry Schein to begin planning out your new office. Questions for consideration:

- Where will each room be located, and what are your size requirements? How many hygiene rooms and operatories will you have? What will the reception area and your private office look like?
- What type of equipment will you need, and where will it go?
- Is the space set up with the appropriate plumbing and electrical? What will you need built and/or installed prior to move in?
- What type of lighting do you require? What are your colour scheme and flooring preferences?

STEP 6: Negotiate the Details in the Dental Office Lease

Once the preliminary designs are drafted up, the next step is having the details in the office lease reviewed and negotiated by a professional dental office lease negotiator.

The lease is a much more extensive and in depth contract than the OTL or LOI, and is typically written in a very landlord-favored way. Landlords strive to increase the value of their properties by enforcing clauses in the lease that enable them to raise rent or prevent a practice sale from happening. Some important considerations in the lease include:

- **Economics:** Are the rental rates fair? Are the annual escalations reasonable?
- **Personal Risk:** Is the lease written in your personal name, giving the landlord the right to pursue your personal assets in the event of default?
- **Flexibility:** Does your lease allow you to bring in associates or sell your dental practice?
- **Location Protection:** Is there a relocation clause that gives the landlord the right to relocate you whenever they want, at your expense?
- **Termination Rights:** Is there language in the lease that gives your landlord termination rights, with the ability to kick you out of the building?

Research and a thorough lease review and negotiation strategy are essential here as the lease dictates your responsibilities as a tenant to your landlord over the next 10 years; there is no room for error. Your negotiators will work with you to develop a customized negotiation strategy for improving your lease to ensure it meets your practice needs, and properly protects you from risk.

(See next page for steps 7-9)

FINALIZE BUILD-OUT AND PREPARE TO OPEN

STEP 7: Finalize the Site Design & Begin Construction

Once the details in the lease have been signed off on, the office design and improvement plans can commence.

- Work with your design team to confirm the layout and design of your office, and finalize budgets.
- Finalize equipment orders, acquire the appropriate permits and schedule the construction in the case of a 'build-out'.
- Begin construction and/or renovations, and the delivery and installation of equipment.

STEP 8: Preparing to Open

Prepare a marketing plan for your dental office, developing promotions and preparing the appropriate materials such as direct mail flyers, business cards, office signage, etc. Create a website, and consider email marketing and social media as methods to reach new patients and increase awareness.

Ensure you are fully stocked with the appropriate inventory, and your new staff are prepped, trained, and ready to go.

STEP 9: Open Your Doors

Opening day! Generate new patient traffic through hard-work, advertising and word-of-mouth.

"With the right planning and methodology in place, starting a practice can be an enjoyable and thrilling step forward in your career as a dentist!"

Watch our Dental Leasing Video!

About Cirrus

Cirrus Consulting Group specializes in helping dental professionals achieve favorable terms and rental rates in their dental office leases. We review the lease for risks and problem areas, and develop a customized negotiation strategy to help our clients secure a lease that aligns with their goals, and promotes practice protection, security and success.

Starting a practice and have questions about your lease?

Call 1.800.459.3413 today for your complimentary consultation with a leasing expert or visit www.cirrusconsultinggroup.com/complimentary-dental-office-lease-consultation.

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