

Opening a new office

The dentist's personal frontier

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Opening one's own business is a dream shared by many people. Autonomy, control, self-reliance, personal satisfaction and financial stability are some common reasons for doing so. To many, it is a personal pioneering experience and involves a certain romantic appeal. Certainly, the ability to reap the rewards of one's own hard work and industriousness is attractive. Of course, it also carries with it a measure of risk. Fortunately, many have embarked on—and succeeded—in similar personal journeys. By following these well-worn paths, dental practitioners can tread a long way, maximizing their stride while minimizing their risk.

Our goal is to encourage the dental practitioner to build a real estate transition team as part of the process of opening a business (or modifying an existing business). In addition, we seek to provide some insight into commercial real estate, a practical framework for identifying and securing new office space, as well as some answers to frequently asked questions regarding the physical space of the dental practice.

BEGINNING THE PROCESS

Time frames. Once you have decided to open or move your practice, setting expectations—including reasonable timetables—will help focus your efforts and instill self-confidence. Expect the process of identifying, securing and modifying a space suitable for your operations to take at least six months. If you intend to purchase the space (such as an office condominium or a small building), add an additional four to eight months, depending on the options

ABSTRACT

Background. The purpose of this article is to assist the dental practitioner by providing insight into commercial real estate and a framework for identifying and securing new office space, as well as by addressing concerns about the physical space of a dental practice.

Conclusions. In the process of identifying and securing new office space, the dental practitioner can maximize efficiency and minimize risk by assembling a team of professionals to assist him or her. This team should be composed of an accountant and an attorney, as well as a dental equipment/design specialist and a commercial real estate professional.

Practice Implications. The professional team will provide invaluable assistance to the dentist, enabling him or her to avoid major financial, legal, logistic and real estate-related pitfalls inherent in establishing or moving a dental practice.

Key Words. Dental office construction; commercial real estate; real estate professional; design specialist.

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available. To purchase land and build on your own space, add yet an additional six months.

Based on our experience in a wide variety of markets and market conditions, we believe that these time frames are typical for establishing a wide variety of specialized facilities. While market conditions may affect this time frame to a certain extent, accelerating the process much more may exact premiums for service and materials and also may lead to mistakes or omissions in due diligence, planning, procurement and execution of goals.

Specialized features. Part of the reason for this protracted time frame is that while many dentists' offices are located in typical buildings, today's modern dental offices, unlike ordinary business offices, require significantly more plumbing, electricity, computer networking and medically related waste management systems. Space planning requires greater attention to detail and longer construction times to install specialized features with more demanding tolerances (and possibly that require specialists to install them). At the same time, equipment lead times will conspire to draw out the time before practitioners can commence operations in the new facility.

Indeed, beyond specific market conditions, the physical and operational demands on a building are significant enough that many landlords do not allow medically related operations in their buildings. Those who do probably have prepared their buildings to handle such operations, but these costs must be absorbed in the rent. Therefore, for the economics to make sense to both parties, the longer the commitment to the space, the longer the period during which such costs can be amortized, and the lower each month's rent payment will be. We provide the above information merely to temper expectations in timing, costs and the number of available options.

ESTABLISHING GOALS AND THE TEAM

The dentist's time and efforts can be maximized by clarifying his or her goals and then by connecting with some key professionals for assistance. If you are moving an office, you should commit to paper the intended reasons for the

move: is the rent increasing, are patients having trouble getting to you, are you looking for more (or less) space or do you simply want to inject the inspiration of change and newness into your practice?

Identify objectives. Write down your objectives in establishing a new office. Do you want a leading-edge, high-tech office or a low-key office; ease of parking; proximity to your home and/or service amenities (such as dry cleaning, banking, day care); and/or nearness to other medical professionals and medical support services? Only then should you consider defining how you want the space to look.

Isolating and ranking reasons and objectives will help you focus your efforts and communicate objectives more easily to staff members, patients, colleagues and the professionals you hire to help find and secure the new space. Although the variety of reasons and objectives is unique to each professional, there will be many similarities among practitioners in this area. You can learn a lot about what makes an office successful (or challenged)

from professional peers and from the people who have a stake in your decision. In any case, the more you discuss ideas, the more you can refine the list and the clearer your path should become. Gathering your reasons and objectives on paper will enable you to articulate them to the team.

Assemble a team. Once you have established the rationale and goals, you can assemble a team to assist in the transition. Your team should include these professionals:

- an accountant;
- a dental equipment/design specialist (a full-service dental supply company can provide these services);
- a commercial real estate professional;
- an attorney (make sure that he or she or one of his or her colleagues has experience in commercial property leasing or sales; if not, obtain a referral).

Before you take the time to investigate a move, make certain that the practice can support the transition. If you are just starting a practice, discuss your options with a knowledgeable accountant. Ask around and find out how many dental clients the accountant works with. Contact them and ask if they are satisfied. Do you need a

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