



Buckle Up!

first scratch start is a roller coaster!

You've dreamt about it for years. Since early in your dental training, perhaps since the first time someone asked what you wanted to be when you grew up, you've been anxious to start your own dental practice. You ponder the joys and concerns of building a thriving business, the joys and concerns of providing quality patient care, of being your own boss. You ponder where to begin.

This article will take you step-by-step through the process and help you determine a realistic timetable. One thing I can state with certainty. Scratch-starting a dental practice can be a roller coaster ride. So, buckle up! You'll need a sense of security as you experience the jaunt of your life.

Formula

Dental Office Design, published by the American Dental Association (see box, page 54) offers a formula developed in collaboration with architects from around the U.S. It calculates the square footage for your office based on the number of operatories as follows:

$$\begin{array}{l} \text{Number of Operatories} \\ \text{Multiplied by Square Footage of Operatories} \\ \text{Divided by .275} \end{array}$$

For purposes of this article, we'll base a calculation on the "ideal" operatory (120 square feet, or 12 feet long by 10 feet wide). Don't cheat here! Your equipment won't shrink, only your working space will.

$$\begin{array}{l} 5 \text{ Operatories} \times 120 \text{ square feet} = 600 \text{ square feet} \\ \div .275 = 2,182 \text{ square feet} \end{array}$$

Is it possible to downsize, go smaller? To some degree, yes, but be prepared to give up space in other rooms. This formula can also help you avoid leasing or purchasing more space than you'll need. Be clear on how much space you want and need before beginning your search for the perfect location.

Make Contacts

Your next step, finding that location, requires developing relationships with experts. Contact dental practice sales consultants (also known as brokers). Many advertise in this magazine and on AzDA's web site (www.azda.org). Find out what they have to offer. In addition, contact commercial real estate firms, some also advertise here and online, and have them start looking on your behalf. Keep in mind that the bigger your circle of associates, the more choices you will have.

You know the popular theory "location, location, location." This is one of the most important decisions of starting your new practice. Good demographics will increase your chances of long-term success. When you find an attractive setting, the next step is crucial.

Spend a Little

Make a small investment at this juncture. Purchase a comprehensive demographics report, an independent study of the location that interests you, covering several Zip Codes. These reports usually cover past, present and future growth patterns; the current number of patients per dentist; and include suggestions for marketing this area should you decide to purchase there. You can obtain these reports through many of the local dental consultants or healthcare finance companies advertising in INSCRIPTIONS.

Finding the right locale is usually time-consuming. Be prepared to spend up to a year, possibly longer, on this leg of your roller coaster ride. And while rolling along this section of the track, remain alert to issues that lie ahead. For one thing, there are additional relationships you must develop.

Builders, Bankers and Other Buddies

You understand the importance of making informed decisions. Decide early who you will use as your dental equipment specialist. If you wait until a lease or purchase agreement is signed, you will only have about a month to reach final equipment conclusions -- woefully inadequate.

Your equipment specialists will accompany you on the entire roller coaster ride. They will be the first ones in and last ones out, and should be willing to hold your hand on every slow, clacking climb and speeding, spiraling dip. Have them show you some of the practices they've coordinated and explain the various equipment delivery options they offer. Discuss, too, a range of office designs. Rely on these professionals to help match you up with others such as architect, computer expert, contractor and loan officers. Begin cultivating these relationships before signing a lease or purchase agreement.

As you visit various offices, ask the dentists what they like, and don't like, about the equipment decisions they've made. As a matter of fact, pose that question to all the dentists you know. And, the next time you attend a dental convention, spend some serious time on the trade show floor visiting the equipment vendors.

Now it's time to apply for a loan. Grab your business plan (a future issue of this magazine will discuss this topic) and start shopping. Ask for more funds than you think you'll need because getting it later could be difficult, plus result in delays to your project. Remember that being approved for a larger sum than you'll need doesn't mean you have to borrow it all.

The Dotted Line

Once you've signed a lease or purchase agreement for your office, you will receive a space plan detailing shape and square footage. This loop-de-loop in your roller coaster ride involves both architect and equipment specialist.



With the architect, discuss the number of operatories you desire and other rooms you will need. He or she will then provide you with the preliminary plan. It should outline, to scale, the size of each room, where each is located and office flow. Should the architect make a revision to your plan, each time, be sure to get a copy and share every revision with the equipment specialist. Take advantage of that expertise because they can often catch flaws you and the architect overlooked.

The preliminary planning stage usually takes three to four weeks. Your equipment list must be finalized before proceeding any further -- not only what you are purchasing but exactly where it's being installed.

Hang On!

Now it's time for the architect and dental equipment specialist to meet, and for this meeting the architect should bring both the electrical engineer and mechanical engineer (the car is getting a little crowded, hang on!). Discussion during this meeting should center on every detail of your specific equipment needs such as air, vacuum, electric, water, computer conduits, backing in walls to mount x-ray equipment, etc. A separate meeting should also be scheduled with the architect and both the computer and equipment specialist. The computer specialist needs to know what digital equipment you're purchasing and where it's being installed to ensure cabling needs are met.

With all due respect to the many fine and talented professionals in our industry, it's been my experience that these meetings do not result in a perfect set of plans. That's because with so many details, it can be overwhelming. Roller coasters can't afford to have one loose board, and neither can you. For instance, if details are missing from your final plan and you send that plan to contractors for bid, you run serious risk. A less-than-ethical contractor who notices your plan has "loose boards" will submit a low bid, then as the project progresses, point out the deficiencies. To correct those deficiencies, you will incur "upcharges," which can wreak havoc on your budget by doubling and sometimes tripling costs for these changes. It is in your best interest to accept a minor delay instead.

Take the time to review the final set of plans with your equipment specialist and architect. This must be done before they are submitted to your municipality in your application for the proper permits. Of greater significance, this should be done before you send the plans to contractors for bids. This step could save you many thousands of dollars, not to mention white knuckles from enduring extra dips, twists and turns. Expect it to take four to six weeks from completion of the preliminary plan phase to having a final accurate set of plans suitable for accompanying your application for permits. Then, expect another 4-6 weeks to go by as the municipality processes your submission, longer if they uncover unexpected curves.

Picking Up Speed

The minute your plans are approved by the municipality, your project will pick up speed. It is time for the contractor to begin tenant improvements and the equipment specialist to order your equipment.

The equipment specialist should determine, from the contractor, the earliest possible timeframe for completion of the tenant improvements. He or she will then order the equipment to be shipped ten days prior to the completion date. This will prevent unnecessary installation delays plus lower the amount of interest you'll be paying on your equipment purchase.

The bumpiness of your ride should now begin to smooth out as your equipment specialist aggressively monitors the progress of your equipment needs during tenant improvements. He or she should meet with the project supervisor on a regular basis to ensure that the equipment needs are being met. If or when something is overlooked on the plans, it is the job of the equipment specialist to see that the necessary corrections are made. Tighten your grip. There's a dangerous curve up ahead in the form of an upcharge.

The tenant improvement stage typically takes 14-16 weeks. Now it's time for the equipment to be installed and tested. Once that's accomplished, you and your staff must receive thorough training on proper use, care and maintenance. This phase of the ride should take about a week. Next, the computer specialist connects all of the cables, loads the software, tests the hardware and does whatever it takes to get your system fully operable. Once it's booted up, you and your staff must receive comprehensive training. This phase, another week.

Are We There Yet?

Your brand-new office is gorgeous -- with freshly-painted walls, stunning flooring, sparkling equipment, beautifully appointed furniture and accessories. Wait! The roller coaster hasn't come to a full stop!

Before you rush to open your doors and begin seeing patients, take two more weeks to properly prepare yourself and your staff. Conduct a "dress rehearsal" because you need to make a stellar first impression.

Be sure all of the supplies are unpacked and stored properly for easy accessibility. Be sure everyone on your team is confident in their roles and responsibilities. Be sure all of your data entry has been accomplished so that your front office staff won't be on the phone with technical support while patients wait. Be sure you know how to put an x-ray up on a monitor in order to discuss it with the patient in your brand-new chair. How would you feel, as a patient, if your dentist interrupted the visit to call tech support? Not very confident. Be sure your accounting software and credit card machines are in perfect working order. Eager is one thing. Ready is what you really need to be. You've spent a long time learning and perfecting your dental skills. Doesn't it make sense to give your staff just two weeks to perfect theirs?

Whew... We Made It!

If you are fully prepared for each step of the roller coaster ride known as a scratch start, it will take you 8-9 months to begin seeing patients from the time you sign your lease or purchase agreement, assuming the shell of the building is completed. Being unprepared in just one area could be costly in terms of time and money. Choose to be prepared.

So, you've just stepped out of the little car after a hair-raising roller coaster ride. You survived the anticipation of the slow climb, the thrill yet intense fear of the first dip, the curves that strained your neck and loops that jangled your brains. Your legs are shaky and you may be a little queasy but you're in one piece. Your dream has come to fruition. You've earned the right to enjoy the fruit!

By surrounding yourself with successful dental specialists who have done this many times before, who take a genuine interest in helping you achieve your goals, and who are attentive every step of the way, you have survived a scratch start. Anyone for a sno-cone?

Dr. Gordon Osterhaus Chairs the Associate Placement Program for the Arizona Dental Association and represents New Office Start-Ups and Equipment Sales for Valley Dental Equipment Co.

Resources

- *Dental Office Design* is available from the American Dental Association Catalog Sales and Service Department. Order at (800) 947-4746 or online at www.adacatalog.org
- *Valuing a Practice: A Guide for Dentists* available from the American Dental Association Catalog Sales and Service Department at (800) 947-4746 or online at www.adacatalog.org
- *Directory of Dental Practice Appraisers and Valuators Sixth Edition* free for ADA members -- download at www.ada.org
- For information and publications on tax laws, visit www.irs.gov and use the search functions for maximum efficiency in locating what you need. Online documents include "2002 Tax Changes for Business Taxpayers," "Frequently Asked Tax Questions" and "Small Business Tax Calendar: A Roadside Check" among many others