



LOOKING TO EXPAND AND GROW YOUR BUSINESS?

Your Guide to a Safe Practice Expansion and the Office Lease.





DENTAL PRACTICE EXPANSION GUIDE TO GROWTH

Is your production potential limited by the size of your current dental office?
It sounds like you may be ready to expand your practice and grow your business.

Expanding a dental practice is an important decision that involves countless, time-sensitive moving parts. For 20 years, Cirrus Consulting Group has been helping dental professionals safely and thoughtfully prepare for their dental office expansion projects. Use our guide to prepare for your new business venture, armed with the knowledge critical to take your business operations to the next level.

STEP 1: Define Objectives & Create the Plan

Is your potential for revenue capped by the size of your current facility? Strategically thinking about why you need to expand will help define your goals and execute a plan of action.

- What does your current office lack that your new space will need? Will you have special equipment needs?
- Do you need additional treatment/hygiene rooms? What are some key patient requirements for a larger location?
- Are you looking to upgrade your office esthetically by enhancing design elements and the quality of décor?

STEP 2: Analyze the Terms in Your Current Dental Office Lease

After outlining your goals, it's time to analyze the details in your current office lease to ensure they will allow you to carry out your expansion plans without obstacle. Contact the dental office leasing specialists at Cirrus Consulting Group to help you with this important step. A leasing expert will help you review and decipher the complex language within the lease to ensure you are fully protected when you approach your landlord with your plans.

Important Considerations in Your Current Lease:

- **Right of First Refusal (ROFR):** Is there a ROFR for expansion clause in the lease that grants your landlord permission to deny your request?
- **Surrender Clause:** If you're unable to expand into an adjacent space and decide to relocate into a larger office, is there "surrender" language in the lease that could force you to restore your office back to its original shell condition? Imagine having to remove all leasehold improvements such as plumbing, electrical and millwork. This can easily cost a dentist hundreds of thousands of dollars in restoration fees.
- **Practice Downtime:** Be aware of critical dates and consider how much time you have left in your current office in the event of a practice relocation. It's important to ensure that you minimize any business "downtime" while your new space is being built-out.

(See next page for steps 3-5)

“With the right planning and methodology in place, expanding your practice can be an enjoyable and thrilling step forward in your career as a dentist, taking your business and production to the next level!”



STEP 3: Choosing the Right Team

Putting together a team of capable and trusted professionals is critical to a smooth and successful expansion project. Assemble a reliable team of office designers, builder/contractors, dental equipment suppliers, technology specialists and financial advisors.

STEP 4: Review and Negotiate the Offer to Lease for the New Space

Once you've gotten the go-ahead on the additional space from your landlord, you'll be presented with either a lease agreement, Offer to Lease (OTL) or Letter of Intent (LOI). An OTL or LOI is the short form of the office lease that mainly addresses economic terms such as rental rates, fixturing periods, start dates, length of term, "options to renew", etc.

Ideally you will be presented with one lease agreement that binds both spaces into one contract, however, that is typically not the case. It is advantageous to the landlord to have two separate leases as it will make it more difficult and complicated for you, the tenant, to negotiate renewals or end your tenancy with the landlord at the appropriate time.

Your dental office lease negotiator will work with you to review the contract and create a negotiation strategy for improving the terms in your favor.

STEP 5: Planning Your New Office Design

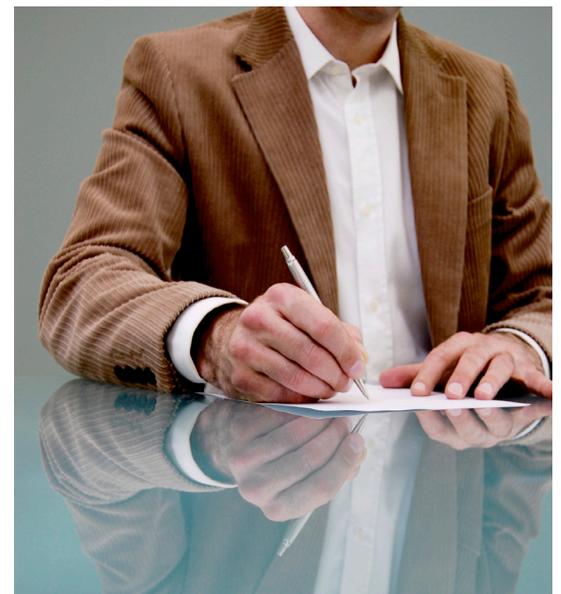
Once the LOI/OTL has been negotiated, it's time to start planning your new office design. Dental professionals differentiate themselves in today's competitive market by offering clients an attractive office environment that enhances the patient experience. A modern and contemporary office design with upgraded dental technology will communicate to clients that you offer superior patient care, setting you apart from the rest.

Contact your dental supply consultant and office designer to begin planning your new space. To ensure your expansion project stays on track, request timelines from your design, build and equipment team for the work.

Design Items to Consider:

- > What type dental equipment will you need for the expansion, and where will it go? Will you be upgrading your current equipment as well?
- > What are your expansion and additional room requirements? Do you require additional hygiene rooms or operatories to meet your goals? Where will the new rooms be located?
- > Is the new space set up with the appropriate plumbing and electrical requirements, or will this need to be built/installed?
- > What type of lighting is required in the new space? Will you upgrade your entire office with a fresh colour scheme, new floors, cabinetry, etc., or will you simply update the new space to match your existing theme?

(See next page for steps 6-7)





NEGOTIATE THE LEASE AND FINALIZE PLANS

STEP 6: Negotiate the Details in the Dental Office Lease

The lease is a much more in-depth contract than the OTL or LOI that landlords use as a tool to make as much money as they can from you by enforcing clauses that allow them to reap proceeds of your practice sale or raise your rent.

Considerations in the Lease:

- **Economics:** Are the rental rates for the new space fair and comparable to rates in your current space? Are the annual escalations reasonable?
- **Build-Out Timeframe:** How much time will your landlord allow for your build-out prior to charging rent on the space? Typically a landlord will offer their tenants complimentary rent for a certain time period until the build-out is complete and you are ready to open.
- **Tenant Improvement Allowance:** Will your landlord offer you a tenant improvement allowance to allocate towards building out your new office?
- **Associates:** Does the lease give you the flexibility to bring in associates?
- **Use Provisions:** Does language in the lease permit you to practice all the forms of dentistry you wish, or are there “use” provisions present that restrict you to practicing a certain type of dentistry?

STEP 7: Finalize Designs, Finish Construction, Open Doors!

Work with your design team to confirm the layout and design of your office and finalize budgets.

Confirm equipment orders, acquire appropriate permits and schedule the construction of your office build-out. Begin construction, renovations and the delivery and installation of dental equipment. Once complete, prep your team, stock the office, apply the finishing touches and open your doors!

54%
of dentists across North
America are overpaying
in rent for their practice.

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.

Expanding or relocating your office 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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