



VETERINARY PRACTICE EXPANSION GUIDE TO GROWTH

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

Expanding a veterinary practice is an important decision that involves countless, time-sensitive moving parts. For over 20 years, Cirrus Consulting Group has been helping doctors safely and thoughtfully prepare for their 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 require additional treatment, exam or operating rooms? Will you need to allocate more space for an overnight kennel?
- > Are you looking to upgrade your office aesthetically by enhancing design elements and the quality of décor?

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

After outlining your goals, it's time to analyze the details in your current clinic lease to ensure they will allow you to carry out your expansion plans without obstacles. Contact the veterinary office leasing experts 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 clinic, is there "surrender" language in the lease that could force you to restore your clinic back to its original shell condition? Imagine having to remove all leasehold improvements such as plumbing, electrical, and millwork. This can easily cost a veterinarian 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 clinic 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 veterinarian, 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 financial advisors, office designers, builder/contractors and contact your equipment suppliers and technology specialists at Henry Schein Animal Health.

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 (with different lease expiration dates) 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 veterinary office lease negotiator will work with you to review the contract and create a negotiation strategy for improving the terms in your favor.

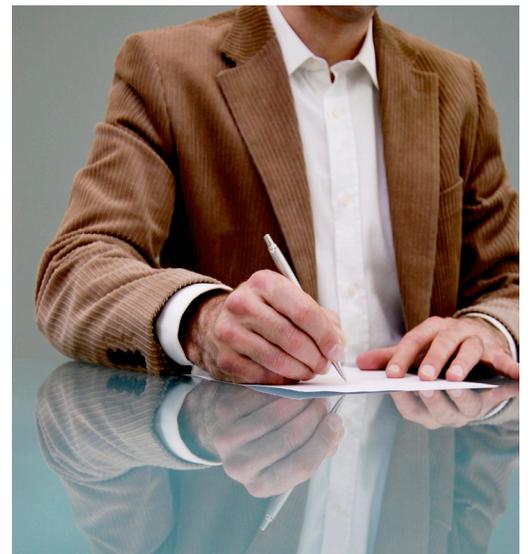
STEP 5: Planning Your New Office Design

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

Contact your veterinary supply Territory Manager and Office Designer at Henry Schein Animal Health to begin planning your new space. To ensure your expansion project stays on track, request timelines from your designing, building, and equipment team for the work.

Design Items to Consider:

- > What type veterinary 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 operator or exam rooms to meet your goals? What will the optimal layout be? Are you expanding the kennel for overnights?
- > Will you need retail space for selling food, grooming, or other pet products?
- > 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 clinic 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 Veterinary 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 from you as they can 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 Time Frame:** 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 a “free-rent” period until the build-out is complete and you are ready to open.
- > **Tenant Improvement (T.I.) Allowance:** Will your landlord offer you a tenant improvement allowance to allocate towards building out your new office? If a T.I. is offered, will it negatively impact the rental rates by driving them up?
- > **Associates:** Does the lease give you the flexibility to bring in associates?
- > **Use Provisions:** Does language in the lease permit you to offer all forms of veterinary care, or are there “use” provisions present that restrict you from offering a certain type of service like grooming, or selling certain items like pet food or animal hygiene products?

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

Work with your design team to confirm the layout and design of your office and to 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 veterinary equipment. Once complete, prep your team, stock the office, apply the finishing touches and open your doors!

About Cirrus

Cirrus Consulting Group helps veterinary professionals achieve favorable terms and rental rates in their 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.

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

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/solutions-for-veterinarians.