



THE PRACTICE STARTUP GUIDE TO THE VETERINARY OFFICE LEASE

Are you planning to start or open a veterinary practice?

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

With 20 years of experience working with startup doctors, Cirrus has developed a “Practice Startup Guide” to lead you through a painless and stress-free startup, detailing out the necessary steps to prepare for your upcoming office lease negotiation with your landlord, and the building blocks for practice success.

STEP 1: Creating a Business Plan

Begin the practice startup process by creating a business plan. Carefully outline your goals and objectives for your new practice, keeping these items in mind:

- > What is your target open date?
- > Do you plan to buy or lease the space? Will you build out a new practice or renovate?
- > What are your plans for long-term growth? Do you have plans to sell or 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. Select an all-star team that you can trust and depend on, comprised of an office designer, veterinary equipment and technology supplier (Henry Schein Animal Health), a financial advisor, builder/contractor, accountant/CPA, and professional veterinary office lease negotiator.

STEP 3: Site Selection

In addition to selecting a solid startup team, choosing the right location is crucial for the success of any veterinary 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?
- > **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 veterinary clinics 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 veterinary 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 veterinary 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 veterinary supply consultant and office designer to begin planning out your new clinic. Questions for consideration:

- Where will each room be located, and what are your size requirements? How many examination and operatory rooms 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 already set up with the appropriate plumbing and electrical? What will you need built and installed prior to move in?
- What type of lighting do you require? What are your color scheme and flooring preferences?

STEP 6: Negotiate the Details in the Veterinary Office Lease

Once the preliminary designs are drafted up, the next step is having the details in the office lease reviewed for risks and negotiated by a professional veterinary 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 landlord-favored way. Landlords strive to increase the value of their properties by enforcing clauses in the lease that enable them to relocate you, 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, expand, or eventually sell your practice?
- **Location Protection:** Is there a relocation clause that permits the landlord to relocate you to make room for a higher paying tenant? Who pays for the moving expenses, you or them?
- **Termination Rights:** Is there language in the lease that gives your landlord the right to terminate your lease and kick you out of the building on 30 days' notice?

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 or more. There is no room for error. Your professional lease negotiator will work with you to develop a customized negotiation strategy for improving the 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

Develop a brand and prepare a marketing plan for your new office. Design stationary and marketing materials such as business cards, office signage, direct mail flyers, brochures, etc. Create a website, and consider email marketing, search engine marketing, and social media as methods to drive traffic and reach new patients. Ensure you're fully stocked with the appropriate inventory and your new staff are prepped, trained and ready.

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 veterinarian!”

85%

of veterinarians across the country have a lease that can prevent them from ever selling their practice.

About Cirrus Consulting Group

Cirrus is the industry leader in commercial real estate and office lease negotiations for healthcare professionals. We help our veterinary clients achieve favorable terms and rental rates in their office leases. We review the lease for expensive risks and problem areas, and develop a customized negotiation strategy to secure a lease that aligns with their goals and provides long-term practice protection and flexibility.

Starting a practice and have questions about your office lease?

Call **1.800.459.3413** today for your complimentary consultation with a leasing expert or visit us online at www.cirrusconsultinggroup.com/vet.



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