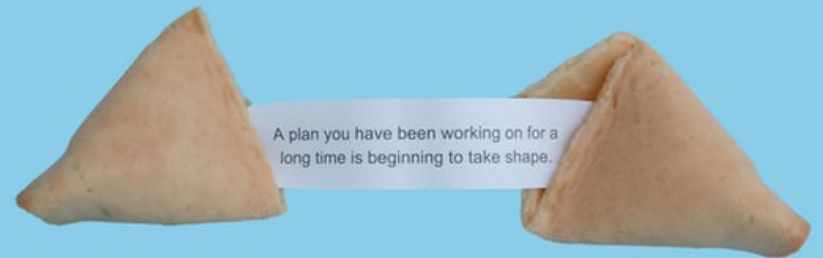


Practical tips
for starting
a practice.



Thinking about starting your own practice?



The idea of starting a dental practice is exciting. And maybe a little bit intimidating. That's only natural, whether you're a new dental school grad or you've been practicing for a while. Most dental schools don't teach the "business side" of dentistry. So how do you know where to begin?

1

Choose your destination.

You have to know where you're heading before you can start your journey. So what kind of practice do you picture for yourself?

High-end cosmetic? Family friendly generalist?

What kind of patients do you want to serve, and how would you like to be known in the community?

Take the time to get clear. That vision will guide all the decisions you make in establishing your practice—from choosing the location and designing the interior, to setting the tone of your marketing.

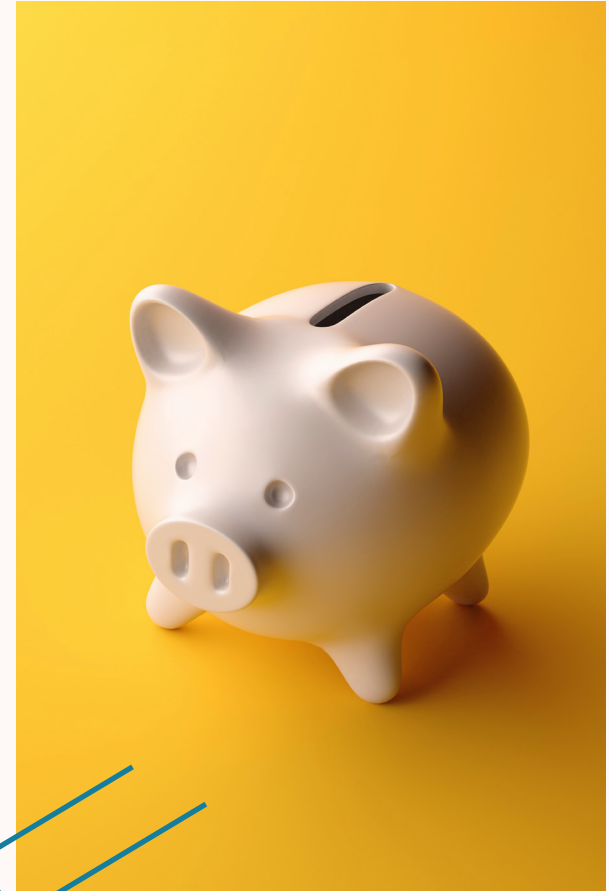
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Set your budget.

Unless you're celebrating a lottery win, most vacations start with a rough budget in mind. It's the same with your practice. You need to be realistic about your financial limits.

The typical loan for a new dental practice ranges from \$400,000 to \$600,000. You'll divide that money into three spending categories: equipment, office construction, and working capital.

One of the first budget decisions to make is, "How many operatories do I need for a new dental practice?" Many doctors find it's best to start conservatively. You can always grow and expand as your practice prospers.



3

Find the right guide.

You could venture into an unknown country without speaking the language, but having a seasoned tour guide takes a lot of risks out of the trip. When starting a practice, it's wise to have professional guidance.

A knowledgeable real estate agent will know how to find a good location, negotiate a fair price, and get you bonus funding for build-out costs.

A reputable equipment dealer can assist with efficient space planning, and choosing dental equipment to help you work more comfortably and productively.

A contractor with experience building out dental practices can keep you from getting stuck with a poor layout, unnecessary construction delays, or costly budget overruns.

Go with experienced people who know what they're doing.

4

Map out your journey.

A well-planned trip has a map and an itinerary; a well-planned dental practice has a business plan. Both show you how you're going to get where you want to go.

The business plan is one of the items you'll need to take to the bank to secure a loan. It has the nuts-and-bolts numbers that show whether your dental practice can turn a profit.

It's also the written document that helps you decide where and how to use your financial resources. The business plan is a map that keeps you on track as you plan, build, and start running your practice.



Let's talk about loans.

Most start-up dental practices are funded with a bank loan. Many banks offer loans to small businesses, but you may feel more comfortable choosing one that has experience working with dental practices.

Usually the shorter the term of the loan, the lower the interest rate—and the larger the monthly payment. Consider all three factors before signing the dotted line. And ask if the loan has a prepayment penalty. (Though most doctors don't pay off their loans ahead of schedule, you won't want that unpleasant surprise if you do.)

Remember, your personal credit score will have a big impact when you apply for a loan. So if your “fiscal fitness” isn't that impressive, Trent's advice is to start getting it in shape now! The bank wants to feel confident that it can take a risk on you. Show that you know how to save money and can manage your finances.



Location, location, location.

Yes location really *does* matter. A charming location may sweep you off your feet, but can it support your practice? Find out how many people are living in the area now—and if there's a potential for population growth.

Do the demographics of the area align with the types of patients you want to treat? Take a look at:

- Disposable income
- Education levels
- Cost of houses
- Average number of households per zip code
- Age breakout by zip codes
- Accessibility to builders
- Visibility to attract drive-by customers

Finally, find out how many general dentists, dental groups, and specialists are already there. You need to know who your competition is, and where they're located. (A realtor who specializes in practice locations can help you figure it all out.)



Lease or own?

Owning the building and land around your practice can be a nice long-term investment—if the funds are available during the start-up process. If not, start with a lease.

The basic terms of a real estate lease are:

- Square footage
- Rate per square foot
- Terms in years

To calculate the cost of a commercial real estate lease, multiply the square footage by the rate per square foot and divide by 12 months.

Did you know that landlords often offer tenant improvement (TI) dollars that you can use to help build-out the leased space? That's when having a savvy real estate agent on your side can really pay off. A good agent knows what landlords typically offer in the market, and can negotiate the maximum amount of TI dollars for you.

And don't be surprised to see a Common Area Maintenance fee (CAM) from your landlord. It's an additional expense tenants pay to cover the costs of taking care of shared areas like parking lots, elevators, and lobbies. Make sure any CAM expenses are clearly spelled out in the lease before you sign.

Mind your marketing.

Marketing is not a one-time event just for your opening day; it's a long-term effort that calls for consistency (in your message *and* your presence in the market).

Consider your initial marketing budget part of your start up costs, and your annual marketing budget part of your ongoing operating expenses.

How your marketing looks will depend on your specific area and brand. But these are the factors to consider when setting your budget:

- Local competition
- Population
- Density
- Communication methods to attract different aged customers
- Social media use
- Services offered by other dentists

Trent advises doctors to plan on spending between \$20,000 and \$40,000 for marketing. Once you're past the launch phase, you won't have to spend as much money to attract new patients and grow your practice.



Take the first step.

When you take it one step at a time, starting your own practice could be easier than you imagine.

Want to take a deeper dive into the realities of starting a practice? Consider A-dec's Foundations seminar. It's an interactive workshop where Trent will take you through the essentials of starting a dental practice. You'll leave with new confidence—and a personal business plan to take to the bank.

A-dec is here to help you create a career life you love, whether you currently work with A-dec equipment—or you're considering it as a future possibility. Whatever path you choose, we hope you'll think of us as a partner in your journey.



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