

## WHY PAY TRIPLE A RENTAL RATES WHEN YOU'RE ALREADY A TRIPLE A PRACTICE?



Retail malls and plazas offer high visibility and pedestrian traffic flow, making them appear like ideal locations for dentists starting new practices.

Lately, more and more landlords are demanding the inclusion of demolition, relocation, and other provisions in their leases, causing many of our clients to move away from plazas and malls into what we classify as lower-rent Tier 2 or Class B locations.

For most dentists, 80-90% of new patients come to them via referrals from current patients.

### **Which makes us ponder; is it necessary to pay high rents for a high traffic location?**

One of my clients who currently operates in a major mall is contemplating not renewing his lease. Instead, he's looking to buy affordable property nearby or rent a smaller, less expensive space.

### **Start with this question: "Where do your new patients come from?"**

If you ask new patients how they found you, you'll find that most arrived via referrals from current patients.

Walk-ins are great, but are they the right kind of patient?

Retail spaces sometimes attract patients who are not aligned with the philosophy of the practice, and while they may turn the odometer on the new patient counter in your dental software, they are unlikely to become loyal, committed, re-care and preventive-focused patients.



*Note: dental software should be modified to count only those who re-appoint and ignore one-timers. Recall patient count matters much more than total NP count! Stop fixating on NPs – numbers can be very deceiving!*

### **Class B rental rates:**

Right sizing your office can result in a 30-40% reduction in occupancy costs for the average Canadian dentist.

Adding \$25,000 to \$50,000 of rental savings to your bottom line will substantially increase the value of your practice!

### **Ask yourself this: Would you rather buy a big fancy office or a compact, profitable practice?**

Are the premium locations with high rents essential to your long-term business strategy?

When buying established and profitable practices, many purchasers would prefer not to be in high-priced retail locations. They want a practice with a great reputation and an established patient pool. They do not need fancy offices. To put it simply, spending over \$10,000 per month in occupancy is not cool anymore.

### **Can your practice fit into a smaller space?**

*You may recall my articles “Waiting Rooms are for Wimps” or “Private Offices for Doctors?”*

In these pieces, I discuss how moving beyond the traditional dental office design can help maximize space, revenue, and operator time.

Many dentists claim their offices have no room for growth, but when you expand operating hours beyond traditional business hours you will often find that 3 or 4 operatories can produce well over \$1 million in gross annual revenue.

Most of my clients do not want to work evenings and weekends and neither do I, but that is the reality of the profession. With the support of part-time associates, practices can be open 70-80 hours per week.

70 hours of production equals \$25,000 to \$30,000 per week, or \$100,000 + per month.

Have a look at your premise lease and consider your location.

Smaller, compact, highly efficient practices will be the most desirable and saleable practices of the future.

Move away from those AAA locations and finish your dental career with high margins, lower overheads, and less stress!

Then, sell profitably and with dignity.

**Want to chat? Text me at 416-520-7420.**

Written by:



Timothy A. Brown,  
FRI, CEO & Broker of  
Record



roicorp.com