How To Pick The Best Location For Your New Office

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Location More Important

A good office location is more important than ever to the success of your dental practice. In the 1990s, there were ample new patients available, a shortage of competing dentists, and higher treatment acceptance rates that allowed doctors with a less favorable office site to still prosper. It's a different story now, however. Fewer new patients, increased competition and managed care, and lower treatment acceptance rates have made office location more critical to your practice’s success.

A Wise Investment

The reality is that most doctors will need to move to a new office location at some point during their careers. Some have outgrown their current facility and are unable to meet current or projected patient demand. Other offices are outdated and unable to accommodate the new technologies that are vital to their practice’s future success.

Other doctors desire an office that is more physically attractive or located in a better part of town. Some doctors have determined that their current location is no longer convenient for the vast majority of their patients and/or referring doctors, and thus need to move. Finally, a growing number of doctors are seeking a second (or third) practice location to increase busyness.

Regardless of the reason, moving to a new improved practice location usually proves to be an excellent investment. Most practices experience 10-20% growth in collections in the year following their move as a result of increased capacity, improved productivity, better work flow, implementation of new technology, higher staff morale and motivation, and improved treatment acceptance rates.

Three Main Factors

Doctors should develop an overlay of three separate maps to determine the optimum location for their new office. On each map, the doctor should draw the boundaries for one of the three following external factors.

1. Community growth – Doctors should determine the current and projected population changes in their service area. Doctors can obtain a full demographic analysis of their current or new service area from David E. James, CPA, President and CEO of REALScore.com (david.james@realscore.com). His website, which combines the best demographic and dentist practitioner database and a host of other tools with Google Maps, provides unmatched capability to develop an optimal location strategy. His firm offers an
array of different reports designed to help the doctor make the right decision including a comprehensive demographic report evaluating 19 different factors (current/future population by age, household income, etc.), a practitioner-to-population report to identify overserved/underserved areas, and a new patient neighborhood report detailing areas with the greatest new patient growth potential. Each report also includes a free 20-minute follow-up call.

2. **Patient origin** – Doctors should also perform a zip code study of their active patients, a relatively simple task using most practice management software. Note on the second map where approximately 80% of your current patients live.

3. **Referral patterns** – If you receive referrals from other doctors, note on the third overlay where those doctors are located.

Consolidating the three overlays into a single map will allow you to consider all three factors – community growth, patient origin, and referral sources – together, in order to determine a zone of preference for your new office location.

**Use a Specialized Commercial Real Estate Broker**

Armed with this information, we recommend that doctors hire a commercial real estate broker specializing in medical/dental office space to help them secure the final location. A commercial real estate broker has intimate knowledge of the marketplace, as well as typical rates and terms. They can also help the doctor consider other factors including concentration of competitors, market barriers, and economic factors in selecting the final location. They can prepare a comparative analysis of different properties available, and help prioritize them based on the doctor’s specific goals. Brokers can also help in the negotiation process to allow the doctor to secure the right property at the right price, while minimizing his time commitment.

Best of all, a commercial real estate broker typically charges nothing to his buying/leasing doctor-client. Rather, they are paid a commission on the real estate sale by the seller, or upon the lease execution by the landlord. As a result, the doctor receives these highly valuable services for free!

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