

# THE TOP 7 MOST EXPENSIVE MISTAKES DENTISTS MAKE

## When Building a Dental Office and How to Avoid Them

### A Special Report by Siegel Construction

If you are currently building out a dental office -- or planning to do so in the near future -- then it's critical that you read this report immediately.

#### *Here's why:*

Building out a dental office is an expensive affair. Costs can run into the hundreds of thousands of dollars depending on the size of the practice.

But no matter how small or large your office, each of these seven mistakes could blow your budget and put you in a bad financial position that is hard to recover from.

Remember... every dollar you spend on your office buildout will affect your long-term profitability. You simply can't afford to make big mistakes when tens of thousands of dollars are at risk.

With that in mind, let's dive into the top seven most expensive mistakes I see dentists make when building out their offices...

## 1

### Selecting a Team that Has No Prior Experience Building Dental Offices

This may seem like a no-brainer, but you'd be surprised how many times I've met dentists who hired design and construction teams who had no prior experience designing or building out dental offices.

For example, I know of one doctor who hired an architect who had no experience designing dental offices. This architect forgot to run vacuum and airlines to the dental chairs. Unfortunately, the contractor lacked experience as well, so he didn't notice this oversight.

Because the problem wasn't noticed until the office was completed, the vacuum and airlines had to be run after-the-fact, which cost the doctor an additional \$7,000.

This doctor is not the only one who has had to learn the hard way. As you can imagine, many doctors pay a steep price for hiring inexperienced team members.

- They pay the price for inaccurate estimates. (The total cost grows far beyond the budget.)
- They pay the price for unplanned schedule delays, which delays the opening of the new

office.

- And they pay the price for the form of an inferior product. (Their finished office may not be as functional or as attractive as they had hoped.)

Regardless of whether you are using a design-build or design-bid-build process, you want to make sure that the designer, architect, engineer, contractor, and interior designer all have prior experience with dental offices.

By doing so, you will have more accurate estimates, lower costs, fewer schedule delays, and ultimately a more functional and better-looking dental office.

## 2 Selecting the Wrong Location

When you are selecting the location of your new office, there are multiple factors to consider. Unfortunately, most dentists usually only consider one factor: *Will the new location drive more new patient walk-ins?*

This is obviously important. You don't want your new dental office tucked away in a place where no one can see it or find it. You want it to be in a high-traffic or highly visible location so current patients can easily find you and new patients walk-in to see about having you become their new dentist.

But this is not the only consideration when it comes to location.

For example, have you looked into the city's zoning rules and ordinances? Some areas often require buildings to have certain aesthetic requirements, which can drive up costs.

Other times, city ordinance may limit what type of signage you can put on your unit or building. (Proper signage is a HUGE factor in whether or not you will be able to attract new walk-ins.)

These are just a few of the more important things you should check before you sign the lease.

## 3 Failing to Properly Inspect the New Office Space Before Signing the Lease

Many dentists think they can inspect the new office space on their own, sign the lease, then get the building experts involved later. But this is a recipe for *all kinds* of problems.

Did you check to make sure the plumbing was sufficient for your office's demands?

How about the electrical system -- did you inspect it thoroughly? Today's high-tech dental offices demand a fair amount of electrical power. More than once I've met dentists who signed

leases on spaces that had insufficient electrical service.

And what about the space itself? Are you 100% sure you can outfit the space with all the things your practice requires: a waiting area, a receptionist's desk, multiple dental chairs with wall dividers, a bathroom, a back office? Trust me, you can't "eyeball" this stuff without encountering big problems down the line.

Let me give you a real-life example...

One doctor I know was in such a rush to sign the lease that he did not properly check everything. This quickly came back to haunt him.

When he went to the municipality to get his plans approved, they came back and said the HVAC system was not sized properly. His cost immediately went up by \$15,000 because he had to get a bigger HVAC system and additional air quality control system.

Unfortunately, this wasn't the only problem. The existing conditions of the concrete floors were in really bad shape, so the contractor had to strip off 2 inches of concrete and repour the surface. This cost the doctor an additional \$6,000.

As you can see, being in a rush to sign a lease can be very costly. In the case of this particular doctor, it cost him an extra \$21,000 -- not to mention the headache of dealing with these unforeseen problems.

Here the old wisdom proves true: "Without consultation, plans are frustrated, but with many counselors they succeed."

So when it comes time to inspect your space, do not do it alone. Make sure you bring a contractor or somebody else who specializes in designing and building dental offices.

This one simple step will help you avoid a host of unforeseen issues and potentially save you from making a financially catastrophic mistake.

## **4** Spending Too Much Time on Design

Deciding on the design, layout, and floor plan are important steps in the build process, but it's easy to spend too much time on this phase of the project.

Based on our experience, it's important to move quickly and efficiently through the design process so you can then present your plans to the city and request the appropriate building permits.

Many dentists are shocked when they have to wait 10 or 12 weeks for their building permits to be issued, but this long waiting period is not uncommon. It happens more often than you might

think.

If you spend weeks or longer on the design process, you might not even get a chance to start the building phase until four months (or longer) from the date you started the design process.

This is why it's important to work closely with your design team and make decisions quickly. The sooner you can request permits and start construction, the sooner you can open your doors to new patients.

## **5 Lack of Coordination Between the Architect and Subcontractors**

The blueprints that leave the architectural desk and go to the job site are called the "final construction set." These are the blueprints that all the subcontractors will follow.

But here's where the problems begin... 99% of the time, the architect will not coordinate the final set with the equipment provider, the cabinetry provider, the specialty subcontractors (like fire alarms and fire sprinklers), the design builder, or the general contractor.

This lack of coordination could lead to unanswered questions, material shortages, and schedule delays.

It is extremely critical to have a meeting between all parties to go over each page of the final construction set. This gives the skilled laborers -- the people who are actually building the office -- time to ask questions, get answers, order supplies, and make sure that all considerations have been accounted for.

If even one person is missing from this meeting -- including the doctor -- there can be overlooked details and additional costs. It's not uncommon to spend an extra \$1,500 to \$2,000 simply because a critical person was not present at the coordination meeting.

Always remember that the devil is in the details.

## **6 Getting Single-Number Proposals, Exclusions, and Allowances**

It's a big mistake to get a single-number proposal without a breakdown. You may not know all the details of each breakdown, but it is important for you to be able to see...

- How much is the plumbing?
- How much is HVAC or heating and cooling?
- How much is the electrical?

These individual cost estimates should give you an idea if somebody is submitting a ridiculously low bid.

Why is this important? Simple. It's a fairly common tactic for contractors to put in a really low bid to win the project, then come back later during the construction phase with expensive change orders.

Obviously, you don't want this to happen, so make sure that all breakdowns are submitted and all allowances are removed.

For example: Many times you will see an allowance for the flooring materials. Please ask for a complete breakdown. What exactly are they estimating? How much are they allocating per square foot?

A good material for the floor will usually cost you \$3 to \$4 a square foot. This is a realistic price. Nevertheless, it won't stop contractors from estimating \$2, \$1.50, or even \$1 a square foot just to win the contract.

I know of one specific situation where a contractor quoted \$1 per square foot for a vinyl tile that's not even allowed to be used in a dental office. Of course, the doctor didn't find out that he couldn't use the flooring until later. This mistake cost him an extra \$4,500 that he had not planned to spend.

And one last thing... try to avoid exclusions. If there are no exclusions indicated, please go back to the design builder or the general contractor and ask for the list of exclusions because there *are* exclusions -- even if they're not clearly provided up front.

## **7** Change Orders

While you can minimize change orders with proper planning (and by reviewing the drawings with the contractor/design builder ahead of time), it is extremely hard to avoid them altogether.

The truth is, change orders are simply part of the building process, so it's best to expect them and plan for them.

With that in mind, it's critical to establish a process for handling change orders. Part of this process should require that all change orders be submitted in writing and include the breakdown of material and labor costs. This way, you will know if the contractor or the design builder is overcharging you for any of the items.

It's also helpful to have an experienced intermediary (like an architect or project manager) review change orders before they are presented to you.

Furthermore, before the implementation of any change order, you should require that it be

approved by you in writing. This will prevent any “surprise invoices” showing up later.

FREE RESOURCE: In order to minimize change orders during your project, please go to this link <http://siegelconstruction.com/resources> and download the form “How to avoid change orders during the project.”

## **Did You Find this Report Helpful? *Here's What to Do Now...***

Siegel Construction specializes in designing and building dental offices.

If you are getting ready to design or build your own dental office, please call us at (847) 929- 9161 or visit our website and request a “Complimentary Design Consultation.”

If you're in the design phase or have already finished the design phase, please call us at (847) 929-9161 or visit our website and click the “Request a Quote” button.

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