Let’s begin by saying that, as a dentist, you’ve chosen an amazing line of work with proven high success rates. With every chapter, every experience and every challenge you encounter in your career, there is opportunity. Hopefully you will take from this article insights about growth, learning and avoiding the costly mistakes many new practice owners make.

Here are 10 tips to make your practice start-up experience a successful one:

1. **Do some homework.** The failure rate for dental practices is very low, but when it happens, it can be a life-defining disaster, both professionally and personally. In the past, one could build a practice from scratch and have a booked schedule of patients before opening for business. This is rarely the case today. As soon as your mind is made up to become your own boss, start exploring the unknowns that lie ahead. Talk with current practice owners about what challenges they faced, what they did to prevail, and what (if anything) they would do differently today. Once you’re comfortable with the challenges you’re likely to face, you’re ready to move on to tip No. 2.

2. **Build a network of trusted advisers.** Starting on the day you decide to start a practice, you’ll meet many people. As you filter through all the advice and various relationships you’ll establish, it is important to team yourself with industry-specific advisers who will help you with the many crucial decisions you’ll make. Your team of trusted advisers should include:
   - **Dental-specific building contractors.** This is very important. Trying to save money with a general contractor who’s not experienced in building out dental practices can lead to overruns and frustration. Dental-specific contractors are easy to find: Your equipment specialist can likely put you in touch with contractors they’ve worked with, or you can look for contractors at your state annual session. You can also check with colleagues who may have valuable feedback about contractor performance.
   - **A specialized CPA.** A general dentist can do root canals, but an endodontist is highly recommended for more difficult procedures. In much the same way, a specialized Certified Public Accountant is highly recommended for your practice. Of course, there are many general CPAs who would like to earn your business, but we encourage you to have a conversation with a CPA who works with at least 25 dental clients.
   - **A dental equipment specialist.** A good equipment specialist won’t try to sell you as much equipment as your financing will allow, but instead will look out for your best interests. This person can also be one of your most insightful advisers. In fact, it’s not uncommon for a dental practice owner to maintain a career-long relationship with a trusted equipment specialist. It is important to these specialists that your start-up practice is positioned for success, since they hope to provide you with updated equipment and the latest technology for many years to come.
   - **A dental-specific lender.** Many financial institutions — including local, regional, and national banks, SBA lenders and loan brokers — are interested in financing dental practices. Some are experienced in the dental industry and some are general small business lenders who typically look to lend against the collateral in the transaction and don’t always consider soft costs, which include build-out or tenant improvement and working capital. Dental-specific lenders are familiar with the true cost of a start-up practice, which may run upwards of $450,000 (and of which only a third is equipment costs.) It’s important to work with a lender who understands the project breakdown.
As your business grows, you are likely to meet other dental industry advisers who can help you make key business decisions. You may have a need for a dental-focused attorney, for example, or a practice management consultant who can help you become and stay efficient as your practice grows. A practice management consultant can also be an excellent source in your practice-planning stage for insights on establishing internal control systems and making personnel decisions.

3. **Secure financing.** While there is no shortage of banks wanting to lend to dentists, you may find that your local bank and others are unfamiliar with the cost and funding allocation requirements for a start-up practice. But many major lenders are familiar with your needs and can provide you with the required funds. Also, be sure not to base your loan decision solely on interest rate. Although the rate is important in keeping your payments lower, it should only be one factor in your decision-making process. Here are some other loan features to consider:

   - **Loan term.** Similar to your home mortgage, you should consider the longest term available (for example, 10 to 15 years.) This means you'll have lower payments as you begin to grow your revenue stream. If your business does better than expected, you can always pay down your loan, the same way you might pay down a mortgage. Loans can typically be prepaid after three to five years without a penalty.

   - **Pre-payment.** Pre-payment options vary from lender to lender. Loan pre-payment terms are less important in the early years as you open and build your practice, but pre-paying your loan may become an option after your practice is no longer considered a start-up and is looked upon by lenders as an established practice. This occurs when you have demonstrated proven practice collections, adequate cash flow, and the new loan you’re considering is in your best interest — or more attractive than your existing loan.

   - **Interest rate.** Rates can be fixed for the term or adjust with prime or other rate indexes. Although payments may be lower with an adjustable rate, rates will eventually rise, so locking in a competitive fixed rate for the next seven to 15 years is your best solution.

   - **Lender service levels.** As a start-up, you will have immediate banking needs, such as merchant (credit card) processing, direct deposit accounts, business credit cards, etc. During construction of a new practice, better dental-specific lenders will have internal processes in place to pay the building contractor, equipment company and other vendors who may require deposits and incremental payments. They will also make sure all disbursements are made as planned so you can stay on schedule.

4. **Have a business plan.** As a dentist, you understand the importance of specific, comprehensive treatment plans for your patients. You'll need a similar plan for the running your new business; in fact, a solid business plan is instrumental to your success. You can get a business plan template from the ADA Resource Center, from a lender who specializes in working with dental practices or possibly from your state dental association.

5. **Develop your business acumen.** Many dental school graduates mention what they feel is a lack of business curriculum in dental school. With this in mind, from the moment you graduate and become licensed, it is wise to make a commitment to learning the business side of dentistry. Speak to experienced dentists who run successful practices. Explore what type of business model and practice philosophy you would like to incorporate in your practice. You may be surprised by a colleague or school alum who once had the same anxiety you have about starting a practice and are now willing to share advice. These contacts already live the dream of practice ownership and can help you save time and money as you begin your journey. Other suggestions include attending practice management seminars in your area and downloading articles on the business of dentistry. Dentaltown, the interactive healthcare community, is an excellent way to learn from others and provides peer-to-peer guidance.

6. **Maintain a high level of credit worthiness.** This tip is no secret — hopefully you already know how important your credit score is to you, both professionally and personally. A negative or low credit score can have a significant impact on your qualifying for a practice loan. The amount you may qualify for and the interest rate you receive may all be tied into your credit score. If you aren’t sure what’s currently reflected in your credit file and would like to obtain your credit score, you can visit myfico.com or you can obtain a free copy of your credit report at www.annualcreditreport.com. To inquire about a reported creditor, contact one of the major three reporting credit bureaus:

   - Equifax — www.equifax.com or 800.685.1111
   - Transunion — www.TransUnion.com or 800.888.4213
   - Experian — www.Experian.com or 888.397.3742
7. **Maintain a manageable debt load and don’t overextend yourself.** Chat with colleagues or visit the next dental trade show and you’ll hear buzz about the latest dental technology. You may hear from the equipment companies about how this technology will generate revenue in your practice and why you can’t live without it. Be careful not to acquire equipment before you can justify the cost. New technology can be very expensive – and a burden on your cash flow if you’re not ready to optimize its use for immediate revenue or expense savings. This is also true with equipping all your operatories right from the start. Typically a 1,500-square-foot office has room for four operatories, but many dentists equip only two at first, then outfit the others when the practice can support them.

8. **Stay on budget.** We have seen new dental start-up total cost range from $250,000 to $500,000, with an average cost of just under $400,000. The total amount includes your landlord allowance (some landlords provide an allowance towards the build out); your construction costs (for a leased space); your equipment needs, including dental and office hardware and software; dental and office supplies; and working capital of typically $75,000 to support your expenses while you see new patients and await insurance reimbursements. Once a lender approves you and your project begins, it is crucial to finish your project within budget. It may be helpful to apply for a little more than you may be forecasting to allow for any unforeseen overruns that may occur while your office is being built. Lenders may accept a slight overage, but an overrun of 10% or higher of your original amount may create concern from the lender, so try to stay on track.

9. **Establish professional and practice goals.** Goals can be short-term, moderate-term or long-term, and are really just targets that are achievable and measurable. Once you establish a goal, the measurable component will help you stay focused and force you to adjust and reinvent ways to achieve it. Professional goals can set the bar for a certain number of new patients per week or month, the number of hygiene appointments, a dollar amount for monthly production or collections, and so on. Be disciplined, as only you are responsible for the overall performance of your business. A simple tool of having specific goals for you and your team may make the difference of success or challenges.

10. **Maintain an associate position as you grow your business.** No one is more familiar with your debt load than you. Between your student loan debt, your car loan, your home mortgage (or rent) payment and now your practice debt, the numbers can seem enormous. It’s important to maintain guaranteed, predictable income after you open your practice and while you’re building practice revenue. Once you open for business, we have found that maintaining an outside associate position for two to three days per week helps you better predict cash flow and pay your bills while you add patients to your new practice. You may consider associating for up to three days per week and reduce your associating days as you add days to your own practice.

To learn more about how we can help you with your new start-up project, call **800.497.6076** to speak with a Practice Specialist

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