



YOUR NEW SURGERY: SPACE, COSTS AND BUDGETS

KNOWING HOW MUCH SPACE YOU WILL NEED AND WHAT YOUR FIT OUT COSTS WILL BE IS THE BASIS OF AN ACCURATE BUSINESS PLAN.

Fitting out a new surgery is a fraught business decision. By collating background information, not only is the process less stressful, but you will also have more accurate and reliable financial projections.

Our speciality is designing dental surgeries. In this process we have worked with hundreds of dentists over the past 25 years and have accumulated comparative figures for analysis.

These figures apply to custom design services. Since every dentist has personal ideas and every location is unique, all practices are in effect custom designed, be they designed by an architect, builder, dentist or installer.

Our figures show that on average for each operatory (dental chair), an average of 45 sm of space is required.

You can get away with less space, but you may not be able to fit in everything on the wish list.

Surprisingly, the operatories only take up between 25% to 30% of the space.

Corridors, reception and waiting rooms will take up as much.

It is not just the colour selections and interesting features that do this, but the allocations of space, proportions, corridor widths, lighting and signage. When this is done correctly the patient feels safe, comfortable, special and cared for.

The industry standard for making cost comparisons is by using the dollar per square metre rate (\$/sm): divide the total cost by the net lettable area.

The greatest expense is joinery, often being over 25% of the fitout. Partitioning, plumbing and electrical make up another 40%. This is the bulk of the budget and it is spent where it can't be seen and where little can be done to cut corners.

Every building is different and costs can vary substantially. A services check by a builder or engineer can often identify higher costs due to, for example, no sub floor space for drainage or no ceiling space for electrical wiring.

These problems can be overcome, but sometimes at a significant cost and at other times negotiated to be at the landlord's expense.

The table above is a summary of the space, fit-out costs and income required to support a 4-chair practice. It assumes 2 dentists and 1 hygienist working 44 x 5 day weeks per year.

These figures may delight some and disappoint others. We found that when publishing these figures, it contributes a more realistic expectation of costs and budgets. As part of any financial feasibility, sound estimates form the basic information required to make business decisions.

AVERAGE BUDGET FOR A 4 CHAIR PRACTICE		
Subject	Costs/Totals	Notes
Space - 45sm/surgery	180 to 200sm	Square or rectangular is more efficient
Fitout cost - \$2,600/sm	\$520,000	Includes design and construction of fitout.
Dental equipment - \$65,000 per surgery	\$130,000	2 existing, 2 new chairs plus x-ray, lights, small instruments, etc. for each
Marketing	\$50,000	Design of new name and stationary, printing costs. Construction of external signage, website - 3% of gross ongoing.
Total budget cost	\$700,000 +	
Projected gross income	\$1,300,000	2 dentists, 1 hygienist
Max rental	\$450 to \$500/sm	Gross rent should be no more than 7% of income. \$/sm

These figures come with a caveat: they are easy to take out of context. We have used as an example the average figures for a 4-chair practice. A 2-chair practice will not be half the cost, nor will an 8-chair practice be double.

Dental fit outs are the most complex of any industry and the costs are the correspondingly the highest of any commercial fit out.

The fit-out cost of a facility assumes you are starting with an empty space. It is usual for a building owner to provide the exterior walls, floors and floor coverings, suspended ceiling, lights, air-conditioning and one water point. An example of this would be a tenancy in a commercial building.

There are two indices that are crucial to setting a budget. Firstly, the amount of space you may need and secondly the cost of fitting out that space.

For patients, rest rooms and courtesy stations are the rooms which define a pleasant environment.

Well designed circulation space and a clear division between public, private and clinical areas is now accepted as a basic requirement for an operational practice. Privacy and the ease of movement around a practice defines your practice energy.

Compromises can be made, but it will take enthusiasm and energy from the dentist to retain staff and overcome lowered morale.

Why not allow for the space required and let the premises work for you rather than against you?

A good designer will resist compromise as it will detract from the favourable presentation the completed practice must have if it is to be successful.

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