

# 3 Financial Decisions To Consider When Opening Your Own Dental Practice

Opening your own dental practice can be an exciting career move. However, it can also be complicated and expensive. While the idea might seem overwhelming at first, the rewards of being your own boss and running your own office can make the initial work well worth it.

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Following are some common business issues for dental professionals to consider when building a practice:

## 1. Owner-occupied commercial real estate

One decision that needs to be made early on is whether to rent or buy the property for your practice. Renting can offer a multitude of benefits, including flexibility and lower monthly costs. However, if buying an established practice, choosing <u>owner-occupied commercial real</u> <u>estate</u> might be more beneficial.

Having leverage as a result of owning your own building can provide flexibility for other financing needs down the road. With a strong financial profile, a clear picture of future growth, and the ability to take advantage of the tax benefits of ownership, a commercial real estate purchase can provide a solid foundation for growing your business.

**Pro Tip:** Consider buying a commercial space that has already housed a dental practice or other doctors' office in the past. This can help you avoid some of the high start-up costs dental offices experience. It will also help with business exposure in the first couple months.

# 2. Equipment loans

One of the biggest expenses when starting a dental practice is the <u>upfront cost of equipment</u>. In addition to dental equipment, you will most likely need furniture, computer systems, billing software, and plenty of other items. Determining and purchasing all of the things you need for your practice to function can be a lengthy, costly process.

Similar to the decisions you will make regarding whether to rent or buy your office space, how to go about funding equipment needs, leasing or buying, will offer different benefits. Working with medical equipment suppliers and vendors can be tricky. Choosing an experienced financing partner with knowledge of funding sources for equipment needs can help to reduce initial startup costs.

**Pro Tip:** As an alternative to brand new equipment, buying refurbished from a trusted provider is one way to acquire high-end equipment without breaking your wallet.



#### 3. Lines of credit

As any dental practice owner and entrepreneur will tell you, there comes a time when a purchase needs to be made in a pinch and under less-than-perfect circumstances. For these moments, an active line of credit can be a lifesaver.

A line of credit can provide you with necessary funds when you don't have cash readily available. Some common examples of when a line of credit can come in handy include:

- Covering the processing time for insurance payments to reach your bank account
- Repairing or replacing equipment
- Making estimated income tax payments

### Financial Preparedness is Key

Many dental professionals underestimate the initial startup costs of opening a new practice, and before they know it, they are relying on credit cards to find additional capital.

At PlainsCapital Bank, we specialize in dental practice loans and can help walk you through every phase of the process. Our dental-specific lenders are familiar with the true cost of a start-up practice and can provide you with the required funds for a successful practice. We help you estimate the initial costs, and, most importantly, help you anticipate the unexpected costs to ensure you always have money available.

Being a financially savvy dental practice owner is just as important as being the best clinician, but understanding the financial side of dentistry can be challenging. At PlainsCapital Bank, we have been working with Texas dental professionals for more than three decades and understand the importance of working with a banker you can trust. To learn more about our professional lending options, give me a call at 817.698.4709, or, if you're in the Dallas area, contact Matthew Caldwell at 214.525.9049.