

## DAG Scholarship Start Up Case Study

This is based on a real-world case study, brought to us by:

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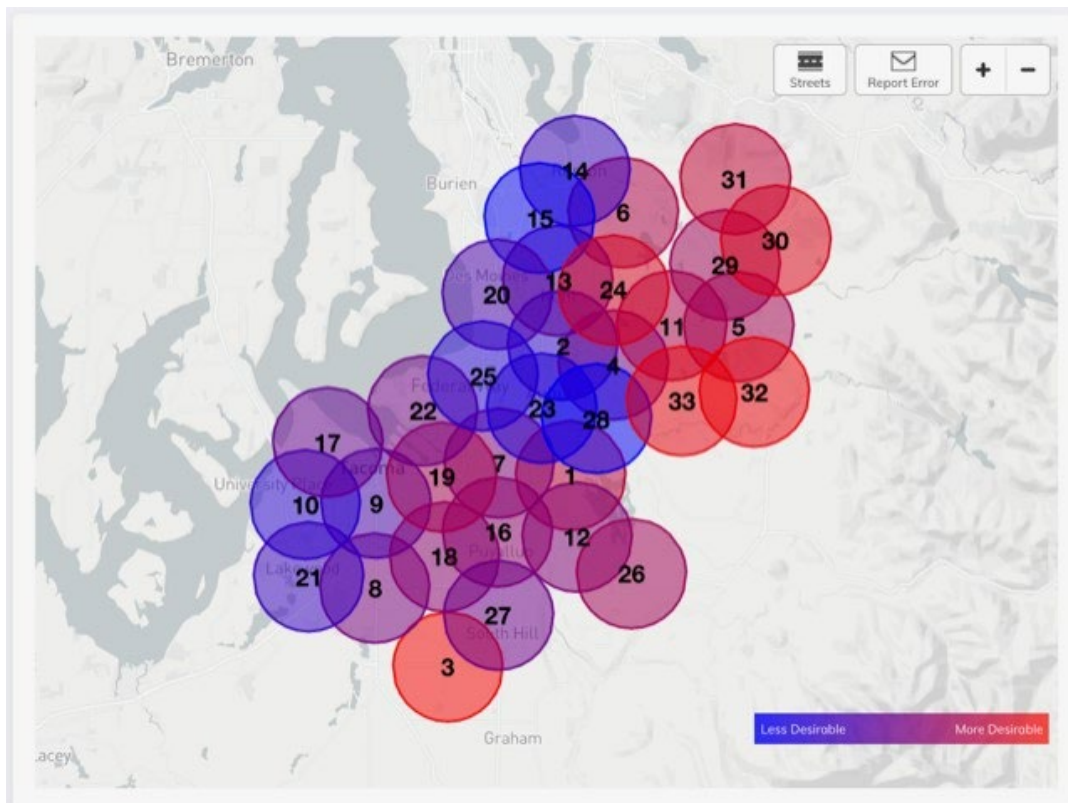
[steve@omni-pg.com](mailto:steve@omni-pg.com)

[www.omni-hcre](http://www.omni-hcre)



### LOCATION IDENTIFICATION

You are about to embark on your entrepreneurial journey by establishing your dream dental practice. Utilizing Dentagraphics market research, we analyzed population-to-dentist ratio to pinpoint regions with an underserved demand for dental services. Based on this insightful data, the Maple Valley area and its surrounding communities have emerged as the most suitable locations to fulfill your vision of making a positive impact on oral health in the community while fostering a thriving dental practice. Emerging Southern neighborhoods especially stood out as ideal. [www.dentagraphics.com](http://www.dentagraphics.com)



Case Study

By Steve Kikikis Omni Healthcare Real Estate

## SPACE SEARCH

The search begins just south of Maple Valley in Black Diamond, WA, a promising neighborhood experiencing growth and development. The presence of multiple new residential neighborhoods and commercial/retail centers under construction indicates a rising population and increasing economic activity. This potential influx of new residents suggests a higher demand for dental services, while the development of commercial spaces may lead to a stronger customer base. Additionally, the existence of established residential and commercial spaces indicates a welcoming community that could support your startup dental practice. After submitting offers on three different locations and negotiating. You are in the process of securing financing and signing a lease on the following location:

Black Diamond Crossing: 2,200 sq. ft shell space in a new development offering a \$40 per square foot asking rate with a \$7.50 NNN charge. The construction is currently underway, and it is estimated to be completed in Mid-Spring 2023. This development comprises two phases with larger grocery, coffee, auto, and other businesses.

## LEASE NEGOTIATIONS

The negotiations at Black Diamond Crossing proved fruitful for your dental startup. Steve's team successfully secured a lease spanning 10 years, with three 5-year renewal options, and a cap on rent increases at 3%. The agreed-upon rent rate was set at \$34.50+nnn. The landlord's offer of 6 months free rent, along with an additional 5 months from space delivery, provided a total of 11 rent-free months. The landlord also contributed a generous Tenant Improvement Allowance of \$188,000 and the provision of crucial utilities such as HVAC, Electrical, Water, Sewer, and Fire Sprinkler. The parking arrangement was open, offering ample parking spaces for the dental practice and its patients.

## SITE

The 3-4 year term development plan of the ownership group:

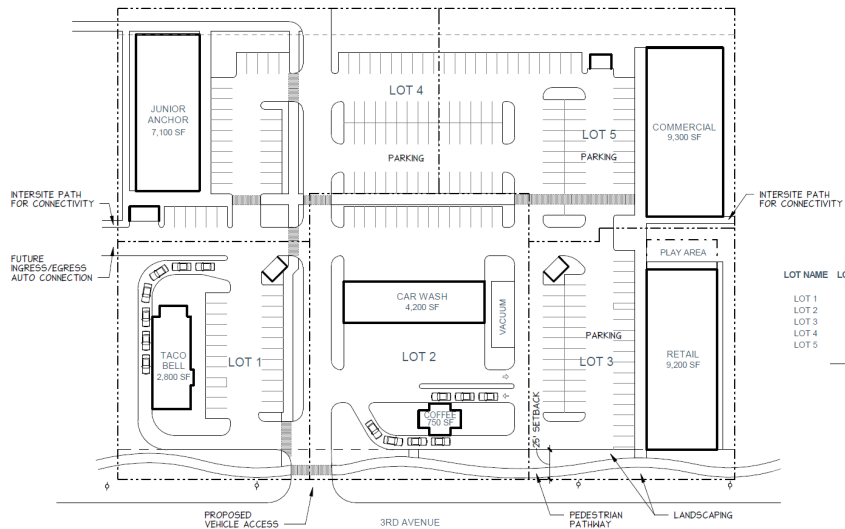


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# BLACK DIAMOND RETAIL SOUTH

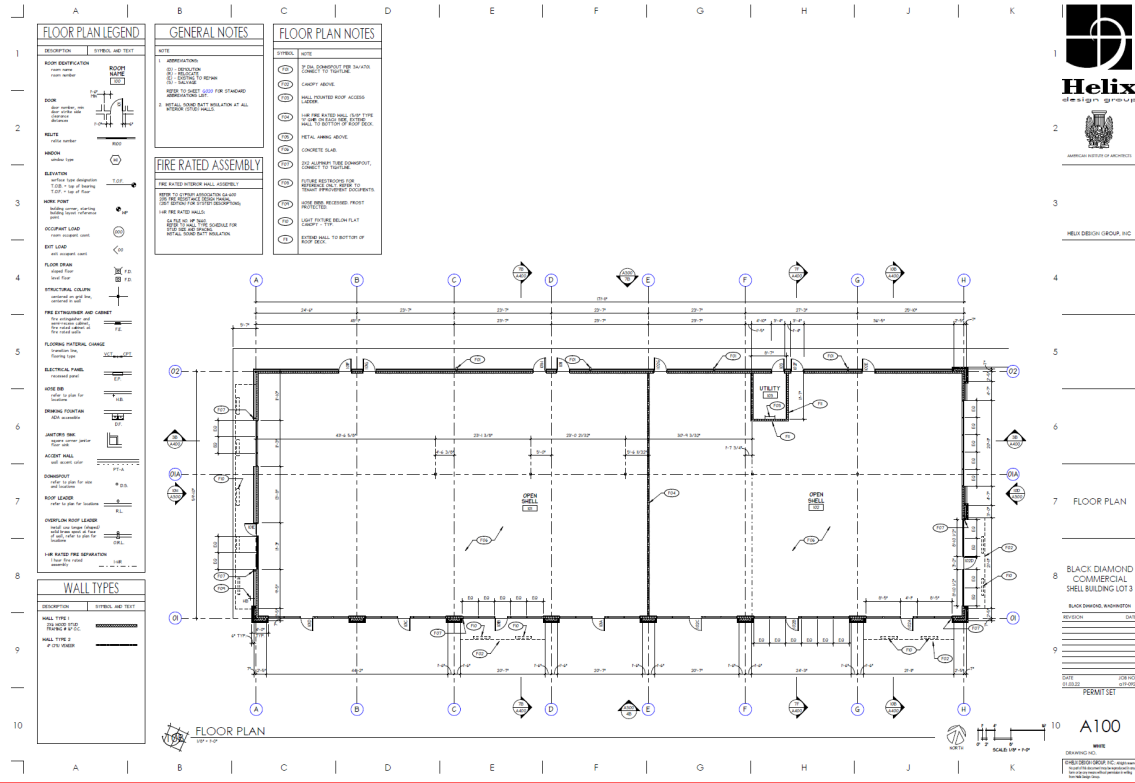
DATE: 08.25.20



LOT NAME	LOT AREA (SF)	TENANT	BUILDING AREA (SF)
LOT 1	32,874	TACO BELL	2,800
LOT 2	45,360	CAR WASH/OFFICE	4,500
LOT 3	36,652	RETAIL	9,200
LOT 4	49,537	JUNIOR ANCHOR	7,100
LOT 5	45,355	COMMERCIAL	9,300
	209,775		33,300

SITE PLAN 2020-04

HELIX DESIGN GROUP, INC.

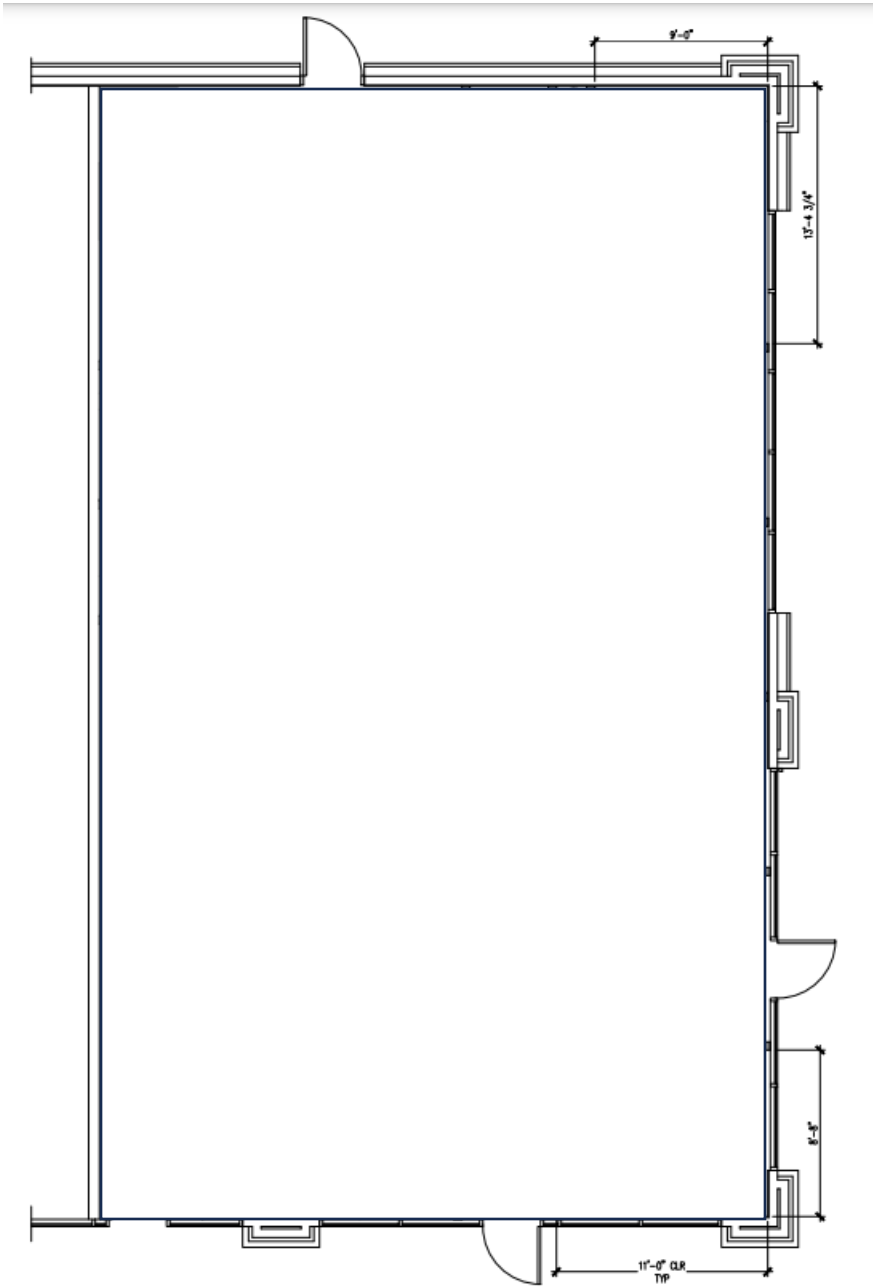


FLOOR PLAN LEGEND		GENERAL NOTES		FLOOR PLAN NOTES	
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SPACE PLAN

2,200 sq. ft. suite; estimated to fit 6 operatories, supporting utility rooms and common areas.



TIMELINE

You are in the process of planning and permitting to ensure all necessary paperwork and approvals are acquired before the landlord hands over the premises for construction. After you secure financing and sign the lease, you will start the subsequent 3-month construction phase resulting in a functional and aesthetically pleasing dental office ready for occupancy.

This well-timed approach will allow you to have 3 months of rent-free occupancy, offering crucial financial relief during the practice's initial stages. With resources efficiently allocated and no immediate rental burden, you can concentrate on establishing the practice, attracting patients, and adjusting to the new business environment.

#### TOTAL BUDGET

For this startup dental office project, your initial budget is approximately \$750,000.00, which is broken out into the following allocations: \$450k is for construction, \$200k for equipment, and \$100k for working capital. This is a 15-year term start up loan. To maximize cash-flow, there is a 4-tier repayment on the loan. Year 1 loan payments are interesting only with an estimated monthly debt service payment of \$3,200 per month. Year 2 loan payments are allocated to 50% interest and 50% principal with an estimated monthly debt service payment of \$3,600 per month. Year 3 loan payments are allocated to 75% principal 25% interest with an estimated monthly debt service payment of \$5,300 per month. Year 4 follows the traditional amortization loan schedule with estimated monthly debt service payments of \$7,000 per month. This continues to be \$7,000 per month starting in year 4, and continuing until the loan maturity date in year 15. These are minimum monthly loan payments. You can decide to pay down the principal quicker without any prepayment penalty.

#### SUMMARY

The bank is requiring you to write a detailed start up business plan before finalizing your financing. Given the facts stated, build a business plan for your general or specialty practice. Your plan should follow a traditional business plan format including, but not limited to:

- A unique brand identity
- Practice philosophy
- Detailed marketing plan
- Detailed recruiting plan including estimated salaries with employee benefits
- Three-year financial budget with revenue assumptions and estimated headcount