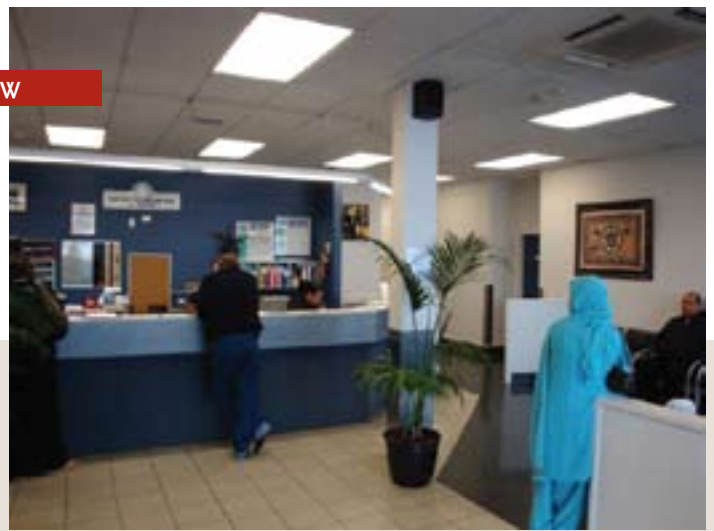




Extending and renovating your business premises.

Is lack of space holding your business back? For some businesses, outgrowing their premises or outdated facilities can really impair growth. But do you renovate the space you have, or start from scratch in a new location? In this article, *Hi Society* spoke with the MAS business team and Jane Aimer from Scarlet Architects, MAS Member and commercial design specialist, about what you might need to know to get started. We also talked to three MAS Member practices that have undergone major transformation about what the change has meant for their business.



THE DOCTORS ‘ONE-STOP’ SERVICE

When the new signage went up on ‘The Doctors’ building in Mangere recently, it signalled the end of a year-long, \$1.5 million renovation that saw a single-storey practice, bursting at the seams, transformed into a well equipped, two-storey, one-stop service for South Auckland patients.

“We had run out of space,” said **Peter Woodward**, GP, MAS Member and one of the managing partners. “We’re a general practice with a 10,000 registered base and about 40 staff, including 11 doctors, plus we offer chronic care modules and visiting services. But we only had eight consulting rooms, so we were juggling the whole time.”

“We’ve now got 14 consulting rooms, dedicated rooms for chronic care and nursing services, plus space for meetings, teaching and group therapy. We always had a chemist, but have added an X-ray service with the latest digital equipment – so we can get an immediate reporting. We also hold a regular fracture clinic and the physio, who used to be across the road, has moved in.”

“We’re now going for Accident and Medical accreditation. We’ve also taken on more teaching with medical students and have one GP registrar and plans to add a second one later this year. It couldn’t have worked out better.”

HELPFUL INSIGHTS

“The project went well and the building

side actually finished ahead of schedule. But getting consents was a nightmare – and although we had people managing the project, someone in the practice still has to overlook it and that took a lot more time and stress than I ever expected.”

“We stayed open, and working with the noise and mess started to get to everyone, so that was stressful. But our wonderful staff were all very tolerant and the end result is fantastic. We’re really proud of our new facility – South Auckland deserves it.”

“One thing I must say is that MAS was wonderful. They loaned us the money we needed to buy and renovate the building. Even my accountant said ‘stick with them’. They’re not as rigid as a bank and just made it so easy for us – nothing was a problem.”



From top: the doctors on the balcony of the new building – Alan Broom, Janet Frater, Heather King and David Addis; the new premises before renovation; the new reception area with Linda Dixon and Rose Frater.

OLD VILLA BECOMES MODERN SURGERY

Across Auckland, a dilapidated 1930s villa with a chequered past has been transformed into a modern surgery for Balmoral Doctors.

Heather King, GP and MAS Member, talked with us about their renovation. “We were in a well established practice – over 33 years – but our building was too small. We had four doctors sharing two consulting rooms, the nurses had only one room and other staff shared a work station in the lunch room... we had to move.”

“Part of our thinking was also to create more space to take on younger doctors as part of our legacy planning,” added Heather. “In the past we had enjoyed teaching a registrar and wanted to be involved with the GP training scheme again.”

“We found the perfect place just down the road and MAS loaned us the money to buy and renovate it. We looked at all the options, but MAS was competitive and couldn’t have been more helpful. They even lent us the GST until we could claim it back.”

“We bought the building in July last year. Delays with consents meant we couldn’t start work until November, but we were in by March. We gutted the building and redid everything from the floor up and now we have

what is essentially a purpose built surgery with five consulting rooms.”

EVERYONE INVOLVED

“We involved everyone in the planning,” said Heather, “and they all did their own research. So when one nurse saw a triage area they liked, for example, we all went to see it.”

“I think you have to be prepared to listen and make changes. There was a lot of tweaking and negotiating involved,” she added.

“We were extremely lucky to get a very good project manager. This really does have to be someone outside the business so you can carry on doing your own job.”

“It took longer and cost more than we expected, but because we rolled over the lease on our old building, we weren’t under pressure to move before we were ready.”

“We had hoped to be in for our Christmas party, but when that wasn’t possible, we had a ‘construction party’ at the site instead. We dressed in theme, and because there were no lights, everyone brought their Christmas lights from home. It was magical.”

“And that sums it up,” adds Heather, “everyone was so excited and involved. It was the teamwork that really made it a success.”

PEOPLE GET SORE TEETH – RECESSION OR NOT

Gary Mitchelmore's loan to extend and renovate his practice, Dannevirke Family Dentists, was approved on the same day as President Bush's plan to bail out the banks. He remembers hoping it wasn't a bad omen.

While he says he has certainly had the odd moment since then of wondering if he did the right thing taking on a debt of over \$200,000, he also says that business is as busy as ever. "I guess people still get sore teeth, recession or not," he laughed.

Gary, a MAS member, is a sole practitioner. "I was getting busier, the only other dentist in town is nearing retirement, and I could see the time coming when I'd need to bring in another dentist. I also wanted to employ a hygienist, but didn't have the space."

So in 2005 when the possibility of buying land adjoining his building arose it seemed too good an opportunity to miss. And MAS agreed.

"It took about a year to get title because the land had to be subdivided – it wasn't easy. In the meantime I worked with an architect to get the plans ready. Then we had to go through the consent process which was frustrating, time-consuming and expensive. I'd decided to put in disabled access, which I didn't have to, and that complicated things!"

"A local builder managed the works and I have to say that was a good choice, because coordinating all the trades is one of the hardest things."

NOISE, DUST AND PEOPLE

"We worked through, only closing for a few days, but if I was doing it again I think we would close for longer. At times I felt my patients were disadvantaged by the noise, dust and workmen – I don't think they enjoyed having their teeth drilled to all that."



Photos courtesy of the Bush Telegraph, Dannevirke.

"MAS was great. I had talked with them way back about what I wanted to achieve and, unlike a bank, they had a clear picture of what was going on in my field. They gave me honest, reasonable advice – and encouragement. They helped with the risk analysis, and then loaned me the money for

the land, the extension and the new state-of-art equipment we've put in."

"My business challenge now is to find the new staff I need – but having the room to put them in has halved that challenge," said Gary.



HELPFUL ADVICE TO GET YOU STARTED

Take a strategic approach

The first step in any renovation is the strategic planning. Why do you want to renovate? What will your business growth be over the next five plus years and where will it come from? Will you be adding staff, what are the industry trends, what's happening in your area and what is the competition doing? It may help to talk with colleagues, your accountant and your MAS advisor. Your architect will also guide you through a strategic thinking process so they can create a suitable design.

Check for ownership issues

Another important consideration is any restrictions on the title or lease for the property. If you're a tenant your lease may restrict what you can do – you'll need the owner's permission to renovate and want secure tenure before you go ahead. Your landlord may be prepared to contribute to the fixed costs of renovation, especially in today's economic market. If you own the building through another entity you will still need some sort of formal approval. If you're the owner, you are ultimately responsible for ensuring you get any consent needed and a code compliance



certificate at the end, even if someone else is contractually responsible for arranging it.

Get the right experts on board

Getting the right people on board is vital to the success of your project. Ask colleagues for their recommendations – and interview several architects, builders or other suppliers. Ask about their qualifications and experience, if they are registered, belong to a professional organisation, have insurance and offer a guarantee – and if you can see examples of their work. Don't be scared to change suppliers if they don't seem to get the brief. If you don't already have a preferred builder your architect can usually help you select one. The builder normally engages and manages the other trades. Architect Jane Aimer says the horror stories usually come from people thinking they can manage and coordinate it all themselves. So unless you have strong experience, it is better to leave the administration of the contract and managing the work to the experts.

Create a good design brief

To get the best out of your architect, or any designer, you need a good brief. It's a starting point so doesn't have to be exhaustive, but it should outline your strategic thinking, your initial budget, what you need from the space and your priorities. Your architect needs to know:

- Who has to be accommodated?
- What functions will be carried out?
- What is the relationship of these functions to each other?
- Who will be coming to your offices?
- How do you want them to perceive you?
- Which requirements are critical?

Allow enough time for planning

Don't try to rush the planning stage – it's crucial to the end result. You probably need to allow three to four months for planning work, and another one to two months if you need consents. Often you won't know if you need consents until the initial drawings are done. While recent changes to the Building Act now make it easier for simple renovations, work involving exterior alterations or load-bearing structures will still need a building consent and possibly resource consent as well.

Ask your architect about a fixed price for the initial plans so you can explore concepts and get an idea of costs without overspending on plans you may not use.

Make sure you have a good contract

For anything other than minor projects you need a building contract to protect you. It should cover things like price, timeframes, progress payments and dispute procedures. Most lenders, including MAS, will require a fixed price contract so you know what the finished cost will be. But you should allow up to 20 per cent more for extra costs – renovation always provides a few surprises! It goes without saying that your lawyer should check any legal document before you sign it.

Get the right advice from the start

You'll need sound advice from the outset. Your lawyer can advise on partnership and ownership issues such as the best way to own your premises, or what happens if not all the partners are owners. Getting your architect on board early will help with your strategic thinking and establishing the feasibility of

your project, while your accountant can advise on the financial viability. And good tax advice may make your project more affordable. For example, you may be able to deduct loan interest, claim the costs for certain repairs and maintenance, write-off old fittings, and maximise depreciation on capital costs.

Do talk with your MAS advisor early on. We can help you work through your options and explain the funding side of renovating. For example, you may need a construction loan (these loans are different to other loans because money is drawn down in stages to match the value of the work) and builders' risk insurance.

WHERE TO FROM HERE?

Renovating is big topic and we've only been able to skim the surface here. If you would like to explore the possibility of expanding or renovating your premises please call us on **0800 800 MAS (627)**.

HealthyPractice™

Better Business

HealthyPractice™, MAS's online business support service, is now helping around 600 general medical, veterinary, dental and specialist practices with the increasing complexities of practice management. HealthyPractice™ gives practice owners and managers 24-hour access to information on financial management, human resources and employment issues, legal and risk management, and business ownership and management. The online service is backed by a business hours helpdesk led by experienced practice managers.

Check out www.healthypractice.co.nz.

By Lynn Newman-Hall, of WriteBrain Ltd, a Wellington based creative writer who has produced a number of property and renovation guides. lynn@writebrain.co.nz

Scarlet Architects specialises in quality residential and small to medium commercial projects, such as the recent fit out of Breast Associates' new Auckland premises. Directors Jane Aimer, Lindley Naismith and Mike Dowsett are MAS members and you're welcome to contact them for a free initial consultation on **09 522 8336**. www.scarletarchitects.co.nz.

This article is of a general nature and is not a substitute for professional and individually tailored advice. The views expressed are not necessarily those of MAS. For more information and advice on business planning and success, call MAS Business Advisory Service on **0800 800 MAS (627)**, email business@medicals.co.nz or visit www.medicals.co.nz.

FOR MORE INFORMATION

The HealthyPractice™ website provides lots of helpful information for subscribers – as do many industry-specific websites (such as the Royal College of GPs) and the websites listed below.

Building law	www.dbh.govt.nz and your local authority website
Sustainable building	www.greenoffice.org.nz www.mfe.govt.nz/publications/sus-dev/office-fitouts-deco5/html/
Registered architects	www.nzia.co.nz www.architecturenz.net
Registered builders	www.masterbuilder.org.nz www.cbanz.co.nz