

Trials of Competitive Bidding

by Shelby Stevens

*As a future dental practice owner,
here is what you need to know, what you should
ask and how to successfully establish your practice.*

Starting your own dental practice can be nerve racking – from start-up capital to staffing the office, from legal licensing to contracting with insurance companies, and more. The last thing you want to have to worry about is the possibility of hiring a negligent contractor to keep you from bringing your dental dream to reality. There are a number of things you need to know and ask to ensure you make the right decisions in the competitive bidding process for the construction of your new company.

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Searching for the Right Contractor

Competitive bidding can be frustrating and is not an easy feat. And as a dentist, you know the effect stress can have on your jaw and teeth. When starting this process, do your best to look for qualified dental contractors with plenty of experience and excellent referrals.

"With the current state of the economy, many contractors will tell you they can build a dental office only to find themselves in way over their head once they get into the project," Joey Wenum, vice president of sales and marketing of Blue Frog Construction says. "Dental construction is among the most complicated types of construction and is very technical."

Just what makes someone a qualified contractor? It is the contractor who has completed a minimum of 20 dental offices in his or her career. Don't simply do an Internet search and call the first few numbers, instead make a call to a local equipment company. Ask them to recommend a few people. Also, call the bank that will be helping to finance the deal. You can also ask the opinions of your business accountant or a financial advisor.

To protect yourself in the contractor search process request important information from your construction hopefuls. For example, request an AIA 305 form which will allow for review of potential contractors qualifications and financial stability. This form will lay out the proposed design and construction plans, saving time and money, as well as giving a brief preview of what the company is capable of. You can also request what is called a "bid bond," which will provide a sort of insurance policy and price guarantee. This can cost up to five percent of the total project cost, but is worth it for the added protection.

When searching and reviewing qualified contractors, don't reach out for handfuls of bids from any company you find; look to receive bids from about three companies who hold the right qualifications and impressive portfolios. You don't want to overload yourself with too many bids to review and prolong the building process. "While three bids are more than enough, I believe it is good for the doctor to have a standard bid form for each approved bidder," Mike Rubio, vice president of operations of Blue Frog Construction says. "If the bids are broken down by the AIA construction form, the doctor will definitely be able to compare apples to apples."

Remember just because a contractor offers a very appealing or much lower price than others, it might not be justified or even remotely close to what it will actually cost, what it should cost or to what you want in the building. "It's not always the best deal to get the lowest price," Wenum says. "Nothing is ever as good as it seems."

Wenum strongly suggests asking for the contact information of the last 10 projects each construction company completed. This is the last 10 in strict chronological order, not the last 10 referrals they enjoyed working with.

No Question is a Bad Question

After you have decided on the contractor but before you actually start the construction process, there are some important questions to answer. For example, does the hired contractor fully understand your vision and expectations? If there is any doubt, talk more to be sure he or she can mirror your goals in the building and really give you what you are asking for. Also, did the contractor come out to the site and do a thorough inspection of the property and/or building he or she will be working in and with? If not, request he or she visit the site one more time to be sure there won't be surprises halfway through the construction process that could possibly result in unaccounted expenses.

Make sure the time frame provided by the contractor is realistic. It is an extremely frustrating dilemma to get to the originally proposed end date only to

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find out there is still much more to be done. An example of a realistic time frame? For construction of a space that is approximately 1,500-9,000 square feet, there should be an allotted 10-14 weeks.

Another question to ask – was there ever a check done on the contractor's lien history? If not, this needs to be done immediately. If your chosen contractor has had any liens filed against him or her by subcontractors or material suppliers, you might not want to do business with that contractor. Liens show an incapability of the contractor in paying the subcontractors and/or suppliers, leaning toward a financial instability and possible business failure on the contractor's end.

Last but not least, make sure you've talked through all of your expectations with the contractor. Mention everything upfront to be sure the bid you are being given truly reflects what you are asking for. Be sure to have an in-depth discussion with the contractor to cover anything and everything that will be involved in the construction process, from room sizes to wall colors and more.

Try having the design drawn by an architect before beginning the bidding process. This allows you to bid the job more competitively. By having everything already drawn out – carpet, flooring, laminate, cabinet design and more – you are able to eliminate a number of change orders. This is when something unexpected occurs inhibiting the original plans and forcing a change to take place. "It is virtually impossible to have no change orders during construction, but a thoroughly prepared set of construction documents coupled with an experienced dental contractor can keep them to a minimum," Wenum says. Change orders will affect the timeline of the job, the cost of the project and add unneeded stress to all parties involved. Ask the questions!

How Contractors Prove Their Worth

Once the contractor is chosen and the plans are put to paper, the contractor should be given a full set of documents prior to the project start. These should include architectural plans, specifically drawn up and created by an architect who specializes in dental construction; MEPS – mechanical, electrical, plumbing and structural – which are drawings that will come from a licensed engineer; and a finished plan including things such as flooring colors, counter top materials and more.

"If these documents aren't done on the front end you are allowing the contractor to make assumptions, and assumptions cost money," Rubio says. Be sure to know everything possible before the board is nailed.

"Free" Doesn't Always Mean Free

Supervision is a cost most people are unaware of. This is a charge to you, the client, for someone from the construction company to supervise the construction process. Another cost that might not be disclosed is the offering of "free" design or "free" architecture. Be sure these charges aren't hidden somewhere else in the bid.

Contractors might try to skim down the price on their end by switching an originally chosen quality product for an inferior product or fixture without informing you. Be hands-on and stern with the products you want, and make sure they are not switched out without your approval, and without a price change.

Be sure the contractor is bidding per the plans or specs. Make sure they are not implementing value engineering, direct ways to cut costs on the project, without disclosing it to you. Value engineering is not a problem if it has been requested by the client, but some contractors might deem it suitable to cut corners on costs without informing you. This leaves a bid with the facade of perfection and a wonderful price, only to find out deep inside that the shiny faucet and plush waiting area you picked out are not to be found.

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Author's Bio

Shelby Stevens holds a Bachelor's degree in Journalism and History from Georgia State University. She has been published in multiple magazines, such as the local Atlanta publications JEZEBEL, Tuxedo Road and Atlanta Home Improvement. She currently resides in Atlanta where she is a writer and works in retail advertising.



For example, let's say the bid documents do not include a design for the HVAC. The doctor looks at his space and sees that there is already HVAC there, but the contractor, because of the increased equipment, chooses just to re-duct rather than add an HVAC to allow proper heating and cooling of the office. "Although this will lower the price on the front end, it creates a problem for the doctor when there is extreme temperature outside, resulting in more costs down the road," Rubio says.

"Once you're committed, you're stuck," Wenum stresses. Ask the right questions. It is better to know than to assume that the contractor is going to create what you envision.

Finishing Touches

Oftentimes doctors and clients do not account for the time it will take from the last day of construction to the first day the practice is open and able to run. It does not happen overnight. It is a good idea to allot no less than two weeks for transition. This transition period will include tasks and responsibilities such as ensuring the office equipment is properly installed, all supplies are in order, the office is fully staffed and that the staff are trained on their duties as well as the equipment. Lacking in these areas on opening day will take away from all of the hard work during construction!

Be sure to know what you want, ask the right questions and read between the lines. You want your new practice to start off with a positive feeling, not frustration and anger. By following these tips from Blue Frog Construction, you're well on your way to creating a wonderful new venture. ■

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