

# Do you need new premises?

In his series dedicated to “the difference that makes the difference” NLP CAM coach **Mark Shields** examines the importance of getting it right when it comes to premises.

**W**hen deciding upon where you are going to set up you need to give a lot of thought to a number of key factors:

- Does your business rely upon passer-by trade?
- What is your target market for clients?
- How are you going to gain the credibility you need to attract your target market?
- Where is the best location to attract the most clients?
- Do you want a multi-centre practice?
- Do you want to work from home?
- Where is your nearest competition?
- How are you going to get clients to your practice?
- Is there sufficient parking?
- Is it easy to find and reach you?
- Should you base your clinic in a location known for your type of work?
- What is your budget for renting premises?

## Renting a room

This is by far the easiest and cheapest option. When negotiating on terms of the let ensure you are only responsible for rent when you use the room. Some landlords like a monthly fixed rent whether you are there or not. Others are happy to agree a percentage of your fee when you actually use the room.

It's common to expect to negotiate between 10% and 25% of your fee. There are odd exceptions in certain locations – in Harley Street, for example, they generally charge a fixed fee per hour.

When deciding upon a location you need to make sure the room and location matches the profile and branding of your business, as credibility and reputation are paramount to your future success.

It is also important the room is quiet, easy to get to and that there is plenty of parking for clients. In addition a reception area, refreshment facilities and toilets must all be easily available.

Avoid signing long leases and when asked to sign a room agreement study the paperwork with care.

## Working from home

Many practitioners have worked from home at some point. Once again, you have to look at your overall business proposition and decide whether seeing clients at home fits with the



profile of your business.

It is important to put yourselves in the shoes of the client and ask yourself how you would feel going to someone's house to receive a treatment. How professional do you think it is and will it meet your clients' expectations of the service they are signing up for?

Working from home also can present other challenges and can affect your own levels of motivation and commitment. It can also get very isolated; going into a rented room in the town puts you in touch with other people and gives you a change of scenery.

## Leasing a clinic or practice room

Leasing a room or a set of rooms for a clinic/practice incurs a number of charges and you need to be confident your business is profitable enough to meet the demands of the lease for the whole period of the lease.

The duration of commercial property lets tends to vary from 12 months to 6 years. The longer the lease the more negotiating power you normally have.

It is normally advisable to insist on a tenant-only break out clause halfway through the term, and also protection over unreasonable rate increases at the end of the term. This is done by building into the original lease an indexed only rate increase. This means the rent can only go up in line with inflation or the retail price index. This is known as indexation.

## Let's examine the costs involved:

- Annual rent for term of lease – as a guide  
100 square feet = £1,000PA

- Business Rates – Based upon the size of your premises. N/A currently on ratable values under £6,000 PA
- Buildings and Contents Insurance – charged prorata with other tenants
- Public liability insurance
- All utility bills such as gas and electricity
- Maintenance fees for any communal areas
- Car parking costs
- Business phone, broadband and IT costs
- Legal fees in setting up the lease

## Example: The rental of a room 15ft by 15ft in size.

Total square footage = 225 sq ft  
225 \* 1000 = £2250 PA = £187.50 per month

Average of total bills taken from research = £300.00 per month

Total £487.50 \* 12 = £5790 PA

Think long and hard before you commit to leasing your own clinic and make sure your budget comes first. Cash flow is paramount and mustn't be compromised.



## About the author

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