This is an overview of the typical process for a veterinary construction project. Every project is unique and may vary slightly from what you see here. For a complete understanding of the process as it relates to your specific project, please speak to the Live Oak Bank Veterinary Lending Team.

**IDEA OF PROJECT**

Things to consider:
- How much space do you need?
- Will you offer additional services?
- Do you need room to grow?
- Should you include rental space for additional income?

**REACH OUT TO LIVE OAK BANK**

- Connect with a loan officer about the dreams you have for your project.
- Get prequalified for a loan to find out what you can afford.

**BUILD YOUR TEAM**

- Choose an architect and contractor with veterinary experience.
- Consider the equipment you'll need and reach out for quotes.

Common Mistake:
Choosing the wrong general contractor (Live Oak will help you choose the right contractor.)

**FINALIZE YOUR PLAN**

- Based on your qualifications choose the type of project you want to do (ground-up construction, purchase and improve an existing building or lease space with the opportunity to do improvements).

**APPLY FOR A LOAN**

- Once approved, you'll be assigned a closer and Construction Loan Specialist.
- The Construction Loan Specialist will work directly with the architect and contractor to qualify them and gather the appropriate construction documentation.

**CONSTRUCTION**

- Your Live Oak Bank Construction Specialist helps keep your project on track and acts as your funds manager. They will distribute funds and monitor your loan balance so that you can stay focused on what you do best, being a veterinarian.

Learn more at liveoakbank.com/vet

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When your team members are constantly in a bumper car battle in the hallway, or an all-out war breaks out to take an open exam room, it may be time to consider increasing the space at your veterinary hospital. Taking on a construction project may seem daunting, but the end result could be the pivotal key for the successful growth of your practice. Design and construction take a considerable amount of time, so starting planning early. Whether a renovation or ground-up build is needed, here are four considerations to think about before starting a veterinary construction project:

1. The People
2. The Money
3. The Space
4. The Timeline

THE PEOPLE
Design with the end in mind. Clients, team members and patients should ultimately be at the heart of your decision to grow your facility and how. It may be worth your while to spend some time talking to several loyal clients and team members to get their perspective on how your current facility impacts their experience. By using a human-centered design approach and first empathizing with the end user, you may find solutions to problems you didn't even know you had. Start by asking them about their experiences. Ask them to paint a picture and walk through every step of their last experience with your clinic, either as a customer or employee. Start before they arrive on the property, and through the time they leave the building. No details are insignificant. If you can, record the conversation or take copious notes listening for what was important to them and how they were feeling about their experience. Rarely does this exercise not illuminate pain points that can be improved in the future design of the clinic.

Once you get the whole timeline of their last experience, dig in deeper. What did they like most about their experience? What about the least? What would they like to see in the future? Their answers may surprise you, so do this with a variety of clients and team members. Even if the process doesn't reveal anything earth-shattering, it may confirm some good practices and reveal some unknown disatisfactions that can be avoided in the new project.

THE MONEY
Financing a new construction project can be a bit of a chicken or egg scenario. Do you first calculate how much your practice can afford to build, or how much what you want to build will cost? Ultimately, the real question is, “Can you afford what you need? ”

The goal is to increase business, not stress your cash flow. A frustrating scenario is when an owner overbuilds and cannot enjoy their new space because they are overly stressed trying to generate enough business to support the cost. An equally disheartening scenario is when an owner cannot afford to build a space that will truly allow them to grow; their finances only support a newer version of the same size space they are currently in. By examining your finances early, you can start to have more realistic expectations of what the final product will be.

Total project costs can be dramatically different than just the construction costs. Total costs should include architectural, electrical, mechanical, structural and civil engineering price tags. If building from the ground up, the site acquisition cost and site development cost will also be part of the total project expenses and need to be factored into the construction budget. This includes site development costs, such as grading, utilities, paving, stormwater management and more.
All of this will be in addition to the actual costs of the ‘sticks & bricks’ of the building itself. Other costs to think about are IT cabling, security system, phone service, cabinetry, office furniture and equipment. Contingency costs (funds built into the loan budget to serve as a buffer in case unforeseen issues arise or there are cost overruns) are also important to a successful build. Assembling and listening to a team who is experienced in veterinarian construction projects will help ensure your budget includes all the necessary categories.

Conventional and SBA lenders have favorable terms available for financing veterinary construction projects. To determine how much debt the practice can reasonably support, the lender will evaluate whether the cash flow of the business is sufficient to cover the monthly payments associated with financing the construction project. In addition to cash flow, other factors about the practice the lender may examine include:

- Revenue trends
- If revenues are maxed out due to limited space
- If upgrades are needed to keep up with the competition
- What new services you will be able to offer

Lenders not only consider the business’s ability to pay the loan but also your personal credit history as a major factor in their decision. Having early conversations with your lender can set you up for more successful access to financing.

THE SPACE
Now armed with the information provided by the end users on what the new space needs and an understanding of how much you can afford, you need to start evaluating what the end result of the space will be. With the help of your architect, you will want to establish your wants vs. needs list for your practice. Ask yourself these questions:

- What additional services will you offer?
- What equipment is required?
- How many exam rooms are needed now and for future growth?
- What kind of building and style do you want for your practice?

The answers to these questions will influence the design of your building and, ultimately, the cost.

THE TIMELINE
Construction projects like these don’t happen overnight, so having realistic expectations on timelines are important to successfully get into your new space. The planning process can last anywhere from months to years. Either way, the more effort put into the early planning stages can have a dramatic influence on outcomes. For instance, realizing early that you may not need an extra 500 square feet could save you upwards of $100,000. The cost influence curve is an important concept to recognize in any construction project; as you move through the stages of your project, your ability to decrease costs continually diminishes.

From groundbreaking to being fully operational can take months with a renovation to more than a year with ground-up construction. Geography and time of year can also be important factors to consider. Breaking ground in the dead of winter in Northern states may be worth just waiting a few months before starting due to a headache frozen ground can cause. With commercial real estate, determining if the property is properly zoned and the timelines on zoning and permits should be researched to help gauge realistic timelines for the project.

The key for setting a realistic timeline is your team—and getting the right team on board early is critical to a smooth project. The team will likely consist of a lender, architect, contractor and of course, you—the owner. Veterinary industry construction expertise may cost more upfront but may save you time, headaches and long-term costs in the end. The team should work together to ensure a successful project and support you as the owner in decision-making.

Your expansion team is there to execute a successful construction project that helps your practice prosper. Keeping your people, your money, your space and your timeline in mind help lay the foundation for you to love, and fully utilize, the new space you build.

Learn more at liveoakbank.com/vet